

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

ADJUSTMENT OF RATES	)	
OF GENERAL TELEPHONE	)	CASE NO. 8045
COMPANY OF KENTUCKY	)	

O R D E R

PROCEDURAL BACKGROUND

On November 25, 1980, General Telephone Company of Kentucky ("General") filed notice with the Commission (formerly Utility Regulatory Commission) of its intent to increase rates and charges for telephone service to produce an increase in gross annual revenues of \$23,383,000, an increase of approximately 21.7%. By its Order dated the same date, the Commission suspended the proposed rates and charges for a period of five months beginning on December 15, 1980, and set a public hearing on this matter for December 18, 1980. General published notice of the proposed rates and charges and of the date, time and place of the hearing in accordance with state law and the Commission's regulations. Subsequent hearings were held on January 22, February 13, March 24, and March 26, 1981.

Parties intervening in this matter included the Attorney General's Division of Consumer Intervention; the University of Kentucky Student Association; the Department of Finance, Commonwealth of Kentucky; Interconnect Telecommunications Systems, Inc.; Kentucky Interconnect Telephone Association, Inc.; and the University of Kentucky. The intervenors introduced evidence and

participated in the hearings. All information requests and responses have been made a part of the record.

Briefs were filed with the Commission by April 20, 1981, at which time the case was submitted to the Commission for final determination on the record.

#### ANALYSIS AND DETERMINATION

##### TEST PERIOD

General proposed and the Commission has accepted the twelve months ending July 31, 1980, as the test period in this matter. In accordance with Commission policy, pro forma adjustments have been included when found appropriate.

##### VALUATION METHODS

###### Net Investment

General proposed an adjusted Kentucky intrastate net investment rate base of \$257,975,362.<sup>1</sup> The Commission has accepted General's proposal with the following exceptions:

###### Known Adjustment to Telephone Plant

General proposed to increase its year-end rate base and capital by \$15,635,876 to include additions to plant for which it had made contractual commitments to purchase prior to July 1981. A similar adjustment was also proposed and subsequently rejected in General's last case, Case No. 7669. The circumstances in that case were somewhat different from those in this case and require explanation. General had in Case No. 7669 proposed increases in isolated revenue and expense items associated with the increase in the volume of

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<sup>1</sup>  
Marler Exhibit 2.

investment. The Commission rejected the adjustment because end of period levels of local service revenue and operating expenses were not adjusted to reflect the effects of these capital additions, and concluded that the adjustment to investment for ongoing additions to plant would have the effect of distorting the test period level of earnings.<sup>2</sup>

In the present case, to overcome the Commission's objection to this adjustment, General proposed to add "a representative amount of net operating income"<sup>3</sup> to its test period income to reflect the increase in earnings associated with the increase in investment. This income adjustment was calculated by applying General's adjusted test period rate of return to the committed additions or new investment, prior to the calculated improvement in the rate of return following the Commission's actions in this case.

Mr. Ben Johnson ("Johnson"), witness for the Attorney General's Division of Consumer Intervention, opposed the use of the adjusted end of period return in favor of either the achieved or the requested return.<sup>4</sup> General did not challenge Johnson on this issue.

The Commission has in this case gone beyond the test period and even beyond the suspension period regarding wage items to allow for expected price increases in several of General's major

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<sup>2</sup>

Commission's Order in Case No. 7669 dated May 16, 1980.

<sup>3</sup>

Marler, page 4.

<sup>4</sup>

Johnson, page 132.

expense categories. The Commission believes that with prudent management, General can earn the return granted herein. Therefore, the Commission has disallowed the proposed adjustments relating to the capital additions, as the net effect is speculative and could result in General being permitted the ability to achieve earnings greater than the return found fair in this Order.

#### Cash Working Capital

General proposed to include a cash working capital allowance of \$3,357,002,<sup>5</sup> the intrastate portion being \$2,468,738, as a component of its rate base. The Commission has rejected this proposal in accordance with past decisions on this issue.

#### Depreciation Reserve

General proposed several adjustments to depreciation expense and reserve. The Commission has disallowed the adjustment pertaining to the change in service life on central office equipment and has further disallowed the portion of the end of period depreciation adjustment in the clearing account. Moreover, the Commission has delayed action on General's proposal to implement the remaining-life depreciation technique for the station apparatus accounts. (These issues will be discussed in greater detail in a subsequent section of this Order.) Therefore, the Commission has reduced General's adjusted depreciation reserve by \$2,240,851, on an intrastate basis.

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<sup>5</sup>

Marler, Exhibit 2.

Based upon the above adjustments, the Commission finds the appropriate intrastate net investment rate base in this case is \$246,219,420, calculated as follows:

Telephone Plant:	
In Service	\$323,716,989
Under Construction	16,399,968
Held for Future Use	174,518
Acquisition Adjustment	<u>218,099</u>
Subtotal	\$340,509,574
Add:	
Materials and Supplies	\$ 6,155,498
Prepayments	<u>514,622</u>
Subtotal	\$ 6,670,120
Less:	
Depreciation Reserve	\$ 73,950,672
Unamortized Deferred Taxes	26,624,192
Unamortized Pre-Job	
Development Investment Tax	
Credit	<u>385,410</u>
Subtotal	<u>\$100,960,274</u>
Net Investment	<u>\$246,219,420</u>

### Capital

General proposed an adjusted capital base of \$345,250,726. As discussed above, the Commission has rejected General's proposed adjustment to include capital additions outside the test period and, therefore, finds that the appropriate capital base is that of July 31, 1980, \$329,614,850.

The intrastate portion of the net investment rate base is approximately 73.5%.<sup>6</sup> As a result that portion of capital

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$$\frac{6}{\$246,219,420 \div \$334,905,061 = 73.5\%}$$

allocated to intrastate operations would be 73.5% of \$329,614,850, or \$242,330,102.

Subsequent to the end of the test period, General refinanced \$35 million of short-term debt, issuing mortgage bonds in October 1980 and common stock in March 1981. General proposed that the capital structure be adjusted to reflect this refinancing, and the Commission agrees that the capital proportions should be adjusted for the security issues. Therefore, the Commission finds that the appropriate capital structure is as follows:

	<u>Amount</u>	<u>%</u>
Mortgage Bonds	\$ 116,184,274	47.94
Debentures	3,657,767	1.51
Other Long-Term Debt	742,565	.31
Short-Term Debt	4,732,979	1.95
Preferred Stock	14,143,566	5.84
Common Equity	<u>102,868,951</u>	<u>42.45</u>
Total Capitalization	\$ <u>242,330,102</u>	100.00%

In the above calculation, the Commission has allocated the intrastate balance of job development investment tax credit ("JDIC") to the other capital components based on their relative weights to total capital excluding JDIC. This method is consistent with the Internal Revenue Service regulations concerning this issue and in further calculation assigns the overall cost of capital to JDIC.

The Commission is aware of other methods of valuation which were not included in the evidence of record. The Commission has, however, given due consideration to all elements of value as required by Kentucky law in determining the reasonableness of the matter herein.

## REVENUES AND EXPENSES

During the test period ending July 31, 1980, General had intrastate operating income of \$19,201,562.<sup>7</sup> General, moreover, proposed several pro forma adjustments to its income statement and requested changes in certain accounting methods. As previously discussed, the Commission has rejected the income adjustment related to the proposed plant additions. The Commission is of the opinion that with only the following exceptions the remaining adjustments are proper:

### Toll Revenue: End of Period

General proposed end of period adjustments to toll settlements for operating expenses, fixed charges and interest during construction. However, no adjustment was proposed to reflect the increase in revenue based on the end of period toll rate base. General settles with South Central Bell ("Bell") on a monthly basis. In this settlement process, Bell pays General a portion of its expenses related to toll service and also pays General a return and taxes on General's intrastate toll rate base. The return paid by Bell is based on its achieved intrastate return. During the test period in this case, Bell paid General an average return of approximately 7.896%. As General's toll rate base increased during this period and as General filed its case on an end of period basis, consistency requires that toll settlements must be adjusted to reflect the increased revenue associated with the higher year end rate base. Applying the monthly returns to

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<sup>7</sup> Response to Staff Request No. 1, Item 1 (a) page 2 of 2.



The Commission is of the opinion that this method is faulty in that it ignores actual experience. Bell's experienced monthly returns since the rate award in September 1980 have been much closer to the authorized rate of return in that case than were the experienced returns under the rate award in Case No. 7348.

For the above reasons, the Commission is of the opinion that a more reasonable approach is to consider actual experience. As stated above, Bell's achieved return during the test period in this case was approximately 7.9%; the achieved return during the period September 1980 through March 1981 was approximately 9.7%.<sup>13</sup> The Commission has, therefore, based its adjustment on the incremental difference of 1.8%, or an increase in toll revenue of \$2,191,400.<sup>14</sup>

Anticipating this adjustment, General in its brief argued that in comparing rates of return, it is important that the time periods be of comparable length as returns deteriorate over time. Moreover, General further argued that its method, which compares authorized returns for like periods of similar length, more accurately reflects the earnings erosion occurring following the authorization of a new toll return. The Commission is not convinced by these arguments, as General has provided no proof pertaining to the comparability of the two similar length periods it has chosen to compare.

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<sup>13</sup>

Supplied by South Central Bell.

<sup>14</sup>

$\$63,550,335 \times 1.8\% \times 1.91568164 = \$2,191,400$

Miscellaneous Revenues - Interest During Construction

In its end of period adjustments, General proposed to restate the May, June and July balances in the account "miscellaneous revenue" on an annual basis. In calculating the adjustment in this manner, General understated interest during construction ("IDC"), which should be calculated as Johnson says, "on the basis of the Company's year-end level of telephone plant under construction for which interest during construction accrued."<sup>15</sup> Moreover, as IDC is based on the cost of capital, the Commission has used the overall cost of capital prescribed herein as the IDC rate.<sup>16</sup> The intrastate effect of this adjustment is \$37,290, net of toll settlements.

Commercial Expense - Institutional Advertising

During the test period, General incurred intrastate institutional advertising expenditures of \$54,837,<sup>17</sup> the net effect after toll settlements being \$41,811. The Commission is of the opinion that this expense provides no benefit to the ratepayers and in accordance with past policy has disallowed it for rate-making purposes.

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<sup>15</sup> Johnson, page 148.

<sup>16</sup> General's Response to Staff Request No. 2, Item 21.

<sup>17</sup> General's Response to Staff Request No. 2, Item 13(a), page 1 of 3.

Other Operating Expense - Contributions

General proposed to include charitable contributions as an operating expense to be borne by the ratepayers. In accordance with past policy, the Commission is of the opinion that these expenses should properly be paid by the company's stockholders and has rejected this adjustment of \$29,998,<sup>18</sup> net of toll settlements.

Depreciation Expense

General, in its end of period and known adjustments to occur before July 31, 1981, proposed an increase in its annual depreciation expense of \$2,365,226<sup>19</sup> on an intrastate basis. This included an increase of \$1,340,025 for end of period annualization, a decrease of \$962,907 for a change in the accounting treatment of station connections, an increase of \$1,130,003 because of a proposed change in the annual depreciation rate for central office equipment, and an increase of \$858,105 for a proposed change in the depreciation rate for station apparatus and large PBX equipment.

The Commission has accepted General's proposed method of expensing station connections and has, moreover, accepted the end of period annualization of depreciation expense, with one exception. It was learned through cross-examination of General's witness, Mr. Robert Marler, that the adjustment for the annualization of depreciation expense in clearing accounts had been con-

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<sup>18</sup>

From Response to Staff Request No. 1, Item 5, page 27 of 52.

<sup>19</sup>

Response to Staff Request No. 3

sidered in General's other annualization adjustments and was double-counting. The Commission has, therefore, reduced General's depreciation expense by \$43,485, the net effect being \$39,220 following toll settlements.

General submitted a capital recovery study as justification for the \$1,130,003 adjustment because of proposed changes in the annual depreciation rate for central office equipment. This study indicated a substantial increase in the capital recovery rate which was caused by a decrease in the calculated composite average service life for this account. According to General's calculations the average annual service life changed from 14.8 to 12.1 years and the net salvage rate changed from 13.9 to 10.0 percent, which resulted in an increase in the annual depreciation accrual rate from 5.82 to 7.44 percent.

General's rationale for the change in average annual service life was the much earlier retirement dates planned for the four Lexington tributary offices and two others. From the record in this case the Commission finds that the planned changes to the offices are speculative and may not occur within the time frame presented. Therefore, the Commission has disallowed this adjustment, the net effect after toll settlements being \$875,467.

During the course of this hearing it was determined that General had already implemented these depreciation rates and had reflected the higher depreciation expense in its annual report to the Commission. The Commission directs General to refile all

affected schedules based on the existing annual depreciation accrual rate of 5.82 percent. The Commission further directs that in the future General shall file its annual report using the annual depreciation rates established in the most recent general rate case. Request for changes in annual depreciation rates must be submitted by General, supported by proper study, and approved by this Commission in a general rate increase proceeding before they may be reflected in annual reports filed with this Commission.

General, through its witnesses, advocates and petitions for the approval of the remaining-life capital recovery procedure for all plant accounts and for the station apparatus equipment account in particular. In this proceeding, General requested that it be permitted to use the remaining-life concept for determining the annual depreciation accrual rate for the station equipment accounts, namely, telephone apparatus, telephone equipment, radiotelephone equipment, and large PBX.

As justification for using the remaining-life technique, General directed the Commission's attention to the approval of the Federal Communications Commission ("FCC") of its staff recommendation in Docket 20188. This Order, applicable to all common carriers subject to FCC jurisdiction, permitted the implementation of remaining-life depreciation for existing plant and allowed the use of equal life group depreciation for new plant beginning in 1981.

In Docket No. 20188 (adopted November 6, 1980) the FCC amended Part 31 of the Rules and Regulations, the Uniform System of Accounts for Class A and Class B Telephone Companies ("Uniform System"),

specifically to allow for the use of the equal life group procedure and remaining-life technique in determining depreciation rates. Because this Commission has in the past adopted the FCC's Uniform System, it is faced with a request in this proceeding to permit the adoption of these depreciation changes for the intra-state properties.

Under the remaining-life technique, the original cost of plant less the accrued depreciation reserve and estimated future net salvage is spread over the estimated remaining life of the equipment. In other words the remaining-life technique assumes that the current prediction of remaining or prospective life is correct and attempts to allocate any unrecovered or unallocated costs over that time period.

One requisite for implementation of the remaining-life technique is the ability to determine the current net unrecovered cost, which in turn requires the current reserve for depreciation attributable to the particular book balance of investment. This is a problem for some companies in that reserve balances are not available at the detailed plant account level. However, General maintains its reserves for depreciation in sufficient detail to determine the book balance of an investment at the account level.

The remaining-life technique is not new and is a recognized methodology used by many regulators. The remaining-life technique will be permitted; however, the Commission will delay its implementation to some future period. General, through its witness, Mr. F. W. Frey, Jr., proposed the adoption of a two part rate order. In his supplemental testimony Mr. Frey said:

We propose that the Commission, in its Final Order authorize a delay in the implementation of the remaining life revenue requirements until July 1, 1981.

The Commission concurs in the above proposal with the exception of the implementation date of July 1, 1981. No date will be fixed at this time in order for the Commission to devote more study to the FCC decision in Docket 20188 so that it may be applied in a consistent manner to all regulated telephone utilities. The net effect following toll settlements is a reduction in depreciation expense of \$664,815.

In this proceeding, General has not adjusted its depreciation rates to reflect the use of the equal life group procedure for new plant. It has, however, petitioned the Commission for its use. Since the adjustment in depreciation in this proceeding is not affected by the equal life group depreciation, the Commission will defer its decision on this proposal and will include its findings in its order on implementation of the remaining-life technique.

#### Full Normalization of Income Taxes

General is proposing in this application to change the accounting treatment of the tax savings resulting from sales taxes, pensions and payroll taxes, which are capitalized for "book" purposes but deducted for tax purposes in the year the cost is incurred. General has, in the past, followed flow-through accounting for both book and rate-making purposes for these tax savings. Under this method, the tax savings is immediately passed on to the customers. Under the normalization method, proposed in this case, the savings would be accumulated and

passed through to the customers over the life of the plant account to which the original overhead cost was capitalized.

In support of this change in method, General states that as "customers will pay for the plant itself over its useful life, . . . the tax deductions should be similarly allocated so that all customers using the equipment will benefit."<sup>20</sup> This position is valid only if it is viewed in isolation. Thus, if General constructed the majority of its plant in one year and following that period its plant did not grow, it would be inequitable to pass this tax savings on to the current customers without giving consideration to the future customers. This is not the case with General, which by its own admission is engaged in an aggressive capital expansion program and has historically exhibited annual growth in net plant devoted to utility service. This means that a tax savings is created and passed on to the customers in each successive period, thus preventing the inequitable treatment described in a zero growth company.

Moreover, as growth continues, the normalization method creates permanent tax savings to the utility, providing an increasing source of cost-free capital from its customers. The Federal tax laws require the Commission to normalize the tax savings resulting from the difference in accelerated tax depreciation and straight line book depreciation and to normalize tax savings from job development investment tax credit. The Commission does not believe an additional increase in the amount of capital which customers are required to provide General is warranted at this time.

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<sup>20</sup> Newton, page 18.

Therefore, based on the above reasons, the Commission has disallowed the requested change in accounting treatment; the net intrastate effect following toll settlements is \$864,316.

Amortization of Pre-Job Development Investment Tax Credit

General proposed an adjustment to eliminate from operating expenses the reduction in federal income tax expense resulting from the amortization of investment tax credit realized under the Revenue Act of '62. The effect of this adjustment would be to deny to the consumers the return of funds which they provided under the normalization process described above. General offered no rationale for this adjustment. In the absence of some rationale for the adjustment, the Commission can only conclude that General seeks by this adjustment to divert funds paid in by its customers to the stockholders of the company. Since these funds were provided by General's customers and should be rightfully returned to them, the Commission has denied this adjustment. The net intrastate portion is \$64,149.

SUMMARY OF ADJUSTED OPERATING INCOME

The Commission has determined from the record that the adjusted intrastate operating income, as proposed by General, is \$19,159,784.<sup>21</sup> After giving effect to the adjustments described above, the Commission finds that the appropriate intrastate adjusted operating income level is \$20,114,321. Income taxes have been calculated in the manner proposed by General with the exception of the use of the lower tax rates applicable to income below \$100,000.

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<sup>21</sup>

Marler Exhibit 3.

### RATE OF RETURN

General's adjusted net operating income for the test period produces a rate of return on net investment of 8.09%,<sup>22</sup> which in the Commission's opinion is insufficient based on test year conditions. In determining the proper rate of return in this case, the Commission has considered the following factors:

1. Capital and capital structure
2. Cost of debt
3. Cost of preferred stock
4. Cost of common equity

General proposed to use the embedded cost of long-term debt including the October 1980 bond issue of 8.80% and a short-term debt cost of 14.5%.<sup>23</sup> Johnson proposed a short-term debt cost rate of 16%. General's witness, Mr. Robert Mason, testified that the company's short-term debt cost using commercial paper was currently 13.75 to 14%.<sup>24</sup> General proposed to use the embedded cost of preferred stock at the end of the test year of 9.52%.<sup>25</sup> The Commission accepts the long-term debt rate of 8.80% and the preferred stock rate of 9.52%, and establishes a short-term debt rate of 13.75%.

General proposed a cost rate on common equity of 16.5%.<sup>26</sup> General's witnesses, Mr. Francis Jeffries, Mr. Robert Mason, and Dr. Richard Pettway, presented testimony supporting this cost

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<sup>22</sup> \$19,922,943 ÷ \$246,219,420 = 8.09%.

<sup>23</sup> Mason prefiled testimony, page 9.

<sup>24</sup> Transcript, hearing March 24, 1981, Volume I, page 200.

<sup>25</sup> Mason prefiled testimony, page 10.

<sup>26</sup> Mason, exhibit 11.

rate. Johnson calculated General's cost of common equity at 12.22 to 14.01%.<sup>27</sup> Johnson suggested a "best estimate" of 12.9%.<sup>28</sup> The Commission is of the opinion that a range of returns on equity of 12.5 to 13.5% is fair and reasonable. The Commission has determined that a return on equity in this range would not only allow General to attract capital at reasonable costs to insure continued service and provide for necessary expansion to meet future requirements, but also provide for the lowest possible cost to the consumer. Within this range of returns, the Commission has established a return on equity for General of 13.0%.

Thus, the overall cost of capital in this case is 10.72%, which provides a rate of return on net investment of 10.55%.

The additional revenue required, and the amount of the increase granted herein, is computed as follows:

Adjusted Net Operating Income	\$20,114,321
Net Income Found Reasonable	25,983,491
Deficiency	5,869,170
Deficiency Adjusted for Taxes or Increase	<u>\$11,562,589</u> <sup>29</sup>

#### COMPANY MANAGEMENT

The following discussion refers only to General as it is the applicant herein. The Commission believes, however, that this discussion is equally applicable to other utilities which it regulates and urges all utilities to give it due consideration.

Following the last rate increase, General was not able to

<sup>27</sup>

Johnson exhibit, schedule 37 (revised).

<sup>28</sup>

Transcript, hearing March 26, 1981, page 52.

<sup>29</sup>

$\$5,869,170 + (1 - .4924) = \$11,562,589.$

achieve the rate of return allowed by the Commission. Some of the reasons General has cited are regulatory lag, inflation, increasing prices, high interest costs, etc. Thus, General filed a new rate case shortly after the Commission's order, and the cycle has been repeated.

The regulatory lag in Kentucky is one of the shortest of any state. Inflation and high interest cost have continued at unacceptable levels. The President is seeking to control the rate of inflation through a policy of fiscal restraint in government expenditures and tax cuts. The Governor of the Commonwealth, when faced with expenditures in excess of expected revenues, has not sought tax increases (rate increases) every five or six months. Instead, difficult decisions have been made as to where expenditures could be reduced without eliminating essential government services.

The Commission expects this same attitude toward controlling costs by the utilities it regulates. General should take prompt and effective action to assure itself and this Commission that it will make all efforts to earn the rate of return allowed. Methods of expense control should be employed which will allow management to know in advance the revenues and expenditures associated with new or expanded services in order to maintain a continuing surveillance of the impact of management's actions on its ability to achieve its allowed rate of return. Forecasts of revenues, expenses and sales upon which decisions are based should be conservative and take into consideration the reduction in the rate of demand for services by consumers so that shortfalls in

expected revenues from new or expanded services will be appropriate rarely as an explanation for shortfalls in the rate of return. If earnings erosion occurs and General cites price increases in purchases, services, or labor as reasons for such erosion, a showing should be made to the Commission that General has sought as far as possible to acquire at lower unit prices from the same or alternate sources equally useful materials, services or labor. Such showing should clearly demonstrate that waste and duplication are not significant and that the cost of providing service is indeed justified.

Thus, this Commission expects General to react promptly and efficiently to counteract rises in either operating or construction costs. The Commission does not intend to usurp management prerogatives, but General's management must prove to the satisfaction of the Commission that appropriate management decisions are being made on a continuing basis and that rate increase requests are not a substitute for action required to control costs. Control of costs can only be achieved before and not after expenditures are made and must be an integral part of the decision-making process. This Commission does not intend that General restrict its efforts to meet the reasonable service needs of its rate-paying consumers. Rather, the Commission expects General to devote, to efforts to control its costs, the same diligence it would devote to this effort were it operating in a competitive environment, in order that its consumers receive the service they require at the lowest possible cost commensurate with a justifiable return to its shareholders. The Commission is confident that General's management can achieve that goal.

## RATE AND TARIFF DESIGN

In addition to rate adjustments, General proposed several modifications in tariff design. The Commission has no objection to General's proposals concerning tariff structure and the applicability of various rates and charges. However, there are several rate and tariff design issues that necessitate the Commission's comment.

### Service Charges

The Commission has consistently encouraged telephone utilities to develop multi-element service charge tariff structures. This continues to be the policy of the Commission. Service charges for miscellaneous functions associated with the installation, rearrangement, or removal of telephone service should be related to the type of service activity. Furthermore, the cost should be borne by the subscriber requesting the service activity and not the general customer body. Insofar as this objective is accomplished, basic local exchange service is not required to subsidize this service activity.

In addition to proposing a substantial overall increase in service charges (58.27%), General proposed certain tariff modifications. The principle change in tariff structure is the establishment of a station handling charge, intended to recover the cost of physically delivering or removing a telephone instrument. The station handling charge is in lieu of the present per station charge. Other tariff modifications involve refinements in the applicability of existing service charges.

On September 2, 1980, the Commission issued its Order in Case No. 7774, involving South Central Bell Telephone Company. The Commission stated its opinion concerning the burden of service charges on consumers as follows:

In this and previous cases the Commission has authorized adjustments in service charges. These adjustments recognize the effects of increased costs ...However, the Commission's regulatory responsibility includes not only the fiscal and service integrity of the Company, but also the consumer interest of telephone subscribers. Therefore, in view of the substantial cost of establishing telephone service and consistent with the tradition of universal availability of telephone service, the Commission is of the opinion and finds that telephone subscribers should be afforded the opportunity of paying service charges on an installment basis.

In this case General proposed to allow subscribers the option of paying service charges in two equal installments. The Commission enthusiastically endorses this proposal.

#### Station Rates

In its application, General proposed to "unbundle" or separate telephone station rates from the local exchange service flat rate. This proposal is the result of recent FCC proceedings and Congressional actions aimed at revising the Communications Act of 1934. The FCC has allowed the connection of customer provided terminal equipment to the telephone exchange network in Docket 19528; it has also provided for the deregulation of vertical or non-basic network services in Docket 20828. These and other actions involving capital recovery, depreciation expense, and station accounting require the unbundling of station and exchange network access rates.

The effect of General's unbundling proposal is that subscribers will be billed a basic monthly rate, plus a per station rate, based on the type of telephone in service. However, a subscriber may purchase his/her own telephone set and thus avoid the station rate. In conjunction with unbundling and the establishment of station rates, extension rates will be disallowed.

The Commission essentially has no alternative but to accept General's unbundling proposal. Furthermore, the Commission is satisfied that General's proposed station rates are compensatory and should be allowed.

#### Key and PBX Systems

General proposed to increase its Key System exchange network access or trunk rate from 125% to 140% of the applicable one-party business rate. The PBX trunk rate is 200%.

Historically, Key and PBX Systems have been distinguishable on the basis of system characteristics and FCC registration. Network access rates for PBX Systems have been higher than trunk rates for Key Systems, due to these enhanced communication capabilities. However, technological advances have blurred the historical distinction between Key and PBX Systems. Hybrid systems having both Key and PBX System characteristics are now common and dominate the communications market. The blurring of the historical distinction between Key and PBX Systems and the inadequacy of the FCC registration program have resulted in an increasing number of inquiries and complaints to the Commission concerning the applicability of trunk rates to particular communication systems. It has also placed the Commission in the awkward

position of perpetuating a rate differential that may have been reasonable in the past, but appears to be arbitrary and unfairly discriminatory at the present time.

In its presentation of evidence and supporting documentation, General was unable to justify persuasively the present or the proposed Key System trunk rate, either on a traffic volume or on a value of service basis. The Commission is of the opinion that a differential between Key and PBX System trunk rates is no longer fair, just, and reasonable. However, equalizing Key and PBX System trunk rates in a single action would cause an excessive increase to Key System customers. Therefore, the Commission believes that Key and PBX System trunk rates should be equalized, but in this order sets the Key System trunk rate only at 175% of the applicable one-party rate. In General's next rate application the Commission will equalize the two rates.

#### Vintage Contracts

General proposed to increase its Key System Level B contract and non-contract rates by approximately 30%. The proposed increase in PBX System Level B and non-contract rates is approximately 45%. The Commission has no objection to these increases. However, the Commission is very concerned about the lack of increases in Level A contract rates, as well as evidence of a decline in Level A contract revenues. The Commission intends to scrutinize and reassess General's overall contract pricing and revenue structure in future proceedings. The Commission believes this action is necessary to ensure the integrity of contract pricing and protect the consumer interests of the general customer body.

### Other Services

Along with its concern over vintage contract rates, the Commission also expresses its concern over the apparently selective manner in which General has proposed rate increases. Documentation furnished to the Commission by General indicates that no increases were proposed in a variety of equipment and service offerings. The Commission finds this situation distressing, and advises General that in future proceedings all equipment and service offerings will be subject to rate adjustments. In that regard the Commission expects General in future rate requests to provide a billing analysis showing all billing units as of the end of the test year.

### SUMMARY FINDINGS AND ORDER

The Commission after consideration of all the foregoing and all other evidence of record and being advised finds that:

(1) The rates proposed by General would produce revenues in excess of the revenues found reasonable herein and should be denied.

(2) The rate schedules attached as Appendix A, hereto, are fair, just and reasonable and further that such rates are equitable and nondiscriminatory as between customers and classes of customers and should be approved.

(3) A subsequent Order applicable to all telephone utilities will address the issue of remaining-life depreciation.

IT IS THEREFORE ORDERED that the proposed schedule of rates for intrastate service as set forth in General's Notice of November 25, 1980, be and the same are hereby denied.

IT IS FURTHER ORDERED that effective with the date of this Order, General Telephone Company of Kentucky is hereby authorized to place in effect the schedule of rates set out in Appendix A attached hereto and made a part hereof.

IT IS FURTHER ORDERED that within 20 days of the date of this Order, General shall file its tariffs with the Commission which will produce \$119,120,677 based on the station development at July 31, 1981.

Done at Frankfort, Kentucky, this the 15th day of May, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Vohs  
Chairman

Katherine Sandall  
Vice Chairman

Donn Garrison  
Commissioner

ATTEST:

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Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 8045 Dated May 15, 1981

The following rates and charges are prescribed for the customers in the area served by General Telephone Company of Kentucky. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

BASIC LOCAL EXCHANGE RATE SCHEDULE

Statewide Flat Rate Schedule

Group	Total Network Access Lines	Rates Per Month					
		Residence			Business		
		1-Pty	2-Pty	4-Pty & Rural	1-Pty	2-Pty	Rural*
1	0 - 2,000	\$ 9.34	\$ 7.48	\$ 6.54	\$ 20.92	\$ 17.79	\$ 14.65
2	2,001 - 2,300	9.48	7.58	6.64	21.22	18.03	14.85
3	2,301 - 2,650	9.63	7.70	6.73	21.55	18.31	15.08
4	2,651 - 3,050	9.79	7.83	6.85	21.88	18.60	15.32
5	3,051 - 3,500	9.92	7.93	6.95	22.24	18.91	15.56
6	3,501 - 4,000	10.07	8.06	7.04	22.58	19.19	15.80
7	4,001 - 4,600	10.22	8.17	7.16	23.09	19.63	16.16
8	4,601 - 5,300	10.37	8.30	7.26	23.64	20.10	16.55
9	5,301 - 6,100	10.52	8.41	7.35	24.19	20.56	16.93
10	6,101 - 7,000	10.69	8.55	7.48	24.78	21.07	17.35
11	7,001 - 8,050	10.85	8.68	7.59	25.39	21.57	17.78
12	8,051 - 9,250	11.01	8.81	7.70	25.99	22.10	18.19
13	9,251 - 10,650	11.18	8.95	7.83	26.61	22.62	18.62
14	10,651 - 12,250	11.34	9.08	7.93	27.25	23.17	19.08
15	12,251 - 14,100	11.50	9.20	8.05	27.87	23.69	19.51

\* Business rural rates apply to existing business four-party service.

Semi-Public Telephone	50% of Business 1-Party
Key Telephone Trunk	175% of Applicable 1-Party Rate
PBX Trunk	200% of Applicable 1-Party Rate

The above rates for basic local exchange service are related to the total number of Network Access Lines including one- and multi-party lines, public and semi-public lines, Centrex lines, ETSX lines, and all types of trunk lines within the local calling area.

Rates for basic local exchange service apply to Network Access Lines only. Telephone Company-provided station sets and other terminal equipment rates and charges are listed in appropriate sections of the Company tariff.

BASIC LOCAL EXCHANGE RATE SCHEDULE (Continued)

Statewide Flat Rate Schedule

Group	Total Network Access Lines	Rates Per Month					
		Residence			Business		
		1-Pty	2-Pty	4-Pty & Rural	1-Pty	2-Pty	Rural*
16	14,101 -16,200	\$ 11.68	\$ 9.35	\$ 8.18	\$ 28.50	\$ 24.22	\$ 19.95
17	16,201 -18,650	11.86	9.49	8.31	29.64	25.21	20.75
18	18,651 -21,450	12.06	9.65	8.45	31.31	26.61	21.91
19	21,451 -24,700	12.23	9.79	8.56	31.89	27.10	22.33
20	24,701 -28,400	12.40	9.92	8.69	32.45	27.60	22.73
21	28,401 -32,650	12.59	10.07	8.81	32.99	28.04	23.09
22	32,651 -37,550	12.76	10.21	8.94	33.52	28.50	23.46
23	37,551 -43,200	12.97	10.38	9.09	34.10	28.99	23.87
24	43,201 -49,700	13.17	10.54	9.21	34.70	29.49	24.29
25	49,701 -57,150	13.36	10.69	9.35	35.29	30.00	24.69
26	57,151 -65,700	13.57	10.85	9.49	35.95	30.56	25.16
27	65,701 -75,550	13.76	11.01	9.64	36.60	31.12	25.62
28	75,551 -86,900	13.96	11.17	9.77	37.40	31.79	26.19
29	86,901 -99,950	14.19	11.34	9.92	38.28	32.54	26.79
30	99,951-114,950	14.40	11.52	10.08	39.16	33.29	27.41
31	114,951-132,200	14.62	11.69	10.24	40.02	34.03	28.02
32	132,201-152,050	14.83	11.86	10.38	40.91	34.77	28.65
33	152,051-174,850	15.04	12.04	10.53	41.80	35.53	29.26
34	174,851-201,100	15.27	12.22	10.69	42.78	36.36	29.94
35	201,101-231,250	15.51	12.41	10.86	43.74	37.17	30.62

\* Business rural rates apply to existing business four-party service.

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Key Telephone Trunk	175% of Applicable 1-Party Rate
PBX Trunk	200% of Applicable 1-Party Rate

The above rates for basic local exchange service are related to the total number of Network Access Lines including one-and multi-party lines, public and semi-public lines, Centrex lines, ETSX lines, and all types of trunk lines within the local calling area.

Rates for basic local exchange service apply to Network Access Lines only. Telephone Company-provided station sets and other terminal equipment rates and charges are listed in appropriate sections of the Company tariff.

BASIC LOCAL EXCHANGE RATE SCHEDULE (Continued)

Regrouping

Rates for local exchange service are set out in the local exchange tariff for each exchange and vary between exchanges depending upon the number of Network Access Lines (as outlined in the preceding Basic Local Exchange Rate Schedule) included in the local calling area of each exchange. Except as noted in the following paragraph, when an exchange changes from one group to another because of increase or decrease in Network Access Lines, the rates for the appropriate higher or lower group will become effective, after a waiting period of four months, upon the filing of a revised tariff in accordance with statutory provisions and the Rules and Regulations of the Commission.

When establishment or expansion of Extended Service Areas increases the local calling scope of an exchange to a higher rate group, the waiting period of four months shall be considered the last four months preceding actual implementation of the Extended Area Service. The rates for the appropriate higher group will be effective with provision of the service.

SERVICE CHARGES

	<u>Rate</u>
<u>Single Line</u>	
<u>Business or Residence</u>	
<u>Charges</u>	
Service Ordering	
Initial Ordering	\$ 11.00
Subsequent Order	7.00
Supersedure Order	17.00
Wiring Charge	10.00
Prefinstalled Wiring(1)	
Per Order	15.00
Per Outlet	10.00
Per Additional Outlet	10.00
Station Handling Charge	4.00
Cord Charge	
Up to 15 Feet	5.00
15 to 25 Feet	6.00
Deposit Per Portable	
Telephone	20.00
Maintenance of Service	
Charge	40.00

Note (1): Current charge includes 4 outlets, new charge is a flat rate plus a charge per outlet.

SERVICE CHARGES (Continued)

	<u>Rate</u>
<u>Multi Line</u>	
<u>Business or Residence</u>	
<u>Charges</u>	
Service Ordering	
Initial Order	\$ 14.00
Subsequent Order	11.00
Supersedure Order	26.00
Wiring Charge	17.00
Preinstalled Wiring	
Per Order	50.00
Station Handling Charge(2)	5.00
Cord Charge	
Up to 15 Feet	5.00
15 to 25 Feet	6.00
Maintenance of Service Charge	40.00

Note (2): Currently titled "Change Charge".

STATION RATES

	<u>Monthly</u> <u>Rate</u>
<u>Stations</u>	
Standard (1)	\$ .85
Present "Extensions"	Deleted
Premium	
Campact Wall	1.50
Dial-In-Handset	2.00
U.K. Styleline	2.00
Starlite	1.85
Panel Phone	1.50
Decorator	
Chest & Cradlephone	4.60
Candlestick	3.45
<u>PBX Lines Associated</u>	
<u>With all Pre-Vintage</u>	
<u>1979 Installations</u>	
With Standard Station	1.85
Without Station	1.00
Class "C" & "D"	
Hotel/Motel	
With Standard Station	1.35
Without Station	.50

Note (1): Includes present Main (primary) single line, ETSX, Centrex Administrative, Centrex Dormitory, and Centrex Restricted Stations.

ETSX SERVICE

	<u>Monthly Rate</u>
First 1,000 lines, each	150% of applicable residence one-party rate
Key Telephone Trunks, each	175% of first 1,000 line rate

KEY TELEPHONE TRUNK CHARGES

	<u>Monthly Rate</u>
Key Telephone Trunks, each	
Business	175% of 1-Party Rate
Residence	175% of 1-Party Rate

EXCHANGE LINE MILEAGE

	<u>Monthly Rate</u>
Exchange Line Mileage, Per ¼ Mile, Airline Measurement	
One-Party or Trunk	\$ .52
Two-Party	.36
Four-Party	.26

MILEAGE CHARGES - LOCAL SERVICE

	<u>Monthly Rate</u>
Off-Premises Extension Mileage, per ¼ mile, circuit measurement	\$ 1.00
On-Premises Extension Mileage per 1/10 mile, circuit measurement	.35
Foreign Central Office Mileage, circuit measurement	
First ¼ Mile	6.00
Each Additional ¼ Mile	1.85

TOUCH CALL SERVICE

	<u>Monthly Rate</u>
<u>Touch Call Lines</u>	
Residence	\$ 1.50
Business	2.50
<u>Touch Call Stations</u>	
Residence	.50
Business	.50

RESERVED TELEPHONE NUMBERS

	<u>Monthly Rate</u>
Reserved Telephone Numbers, each	\$ 4.60

MILEAGE - INTRAEXCHANGE PRIVATE LINE

	<u>Monthly Rate</u>
<u>Cable Conductor(1)</u>	
First $\frac{1}{2}$ Mile	\$ 6.00
Each Additional $\frac{1}{2}$ Mile	1.85
<u>Tie Line(1)</u>	
First $\frac{1}{2}$ Mile	6.00
Each Additional $\frac{1}{2}$ Mile	1.85
<u>Data Circuits (KTB)</u>	
Each 2-Wire Circuit	6.30
Each $\frac{1}{2}$ Mile	Deleted
Each 4-Wire Circuit	27.50
Each $\frac{1}{2}$ Mile	Deleted

Note (1): Rates assume 2-Wire Circuits, Rates for 4-Wire Circuits are double.

PRE-VINTAGE SOUND SYSTEMS AND ASSOCIATED EQUIPMENT

	<u>Monthly Rate</u>
<u>Power Amplifiers</u>	
Power Booster, 25 Watt	\$ 5.10
Power Booster, 40 Watt	6.90
Power Booster, 40 Watt w/relay	8.35
Power Booster, 75 Watt w/relay	10.15
Power Booster, 150 Watt w/relay	13.05

PRE-VINTAGE SOUND SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly Rate</u>
<u>Cone Type Reproducers</u>	
Reproducer, 4 inch wall mount	\$ 1.15
Reproducer, 4 inch surface mount	1.25
Reproducer, 5 inch surface mount	1.40
Reproducer, 6 inch wall mount	1.40
Reproducer, 6 inch surface mount	1.40
Reproducer, 8 inch wall mount	1.60
Reproducer, 8 inch sloping front	1.80
Reproducer, 8 inch bi-directional	1.90
<u>Trumpet Reproducers</u>	
Trumpet w/o Transformer	\$ 2.15
Trumpet Transformer	.70
Intermediate Trumpet w/Transformer	2.90
Trumpet w/Transformer	3.80
Dual Horn Trumpet w/Transformer	3.50
Trumpet Explosive Proof	7.25
Trumpet - Reflex Model 5A125	1.45
<u>Other Speakers and Accessories</u>	
Driver 30 Watt Model 5A135	\$ 2.45
Paging Tel. Additional Speaker	2.15
Baffle Model 6L100	6.15
Speaker, Two-Watt Model 6A185	1.45
Speaker, Wall Model 6A185	6.15
Speaker, Model SR8W4	1.60
Speaker, 10 Watt	3.40
<u>Telephone System Input Coupling Units</u>	
Transmitter Transfer	4.00
Key System Page Access	2.35
PABX Coupling Box	1.60
Two-Way Remote Amplifier	4.85
<u>Microphones</u>	
Microphone, Paging-w/Switch	2.55
Microphone, Close Talking	2.55
Microphone, Hand Held Shock Resistent	2.55
Microphone, Paging w/stand	2.75
<u>Preamplifiers</u>	
Microphone Preamp - Model J402W421	2.45
Microphone Desk Stand w/preamp	2.15
Preamp, General Purpose-Surface	2.90
<u>Input Control Devices</u>	
Line Amplifier - w/Transformer	2.15

PRE-VINTAGE SOUND SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly Rate</u>
<u>Output Control and Channelization</u>	
<u>Devices</u>	
Individual Speaker-Volume Control	\$ 1.00
Group Speaker-Volume Control	1.80
Channel Selector Relay-5 Channel	4.50
Channel Selector Voice, 10 Channel	4.70
<u>Other Executone Sound System</u>	
<u>Accessories</u>	
Footswitch	.80
Antenna AM/FM	1.90
Telephone Coupling Unit	.90
Sound Rack w/options	56.35
Paging Adapter Model 9A675	3.25
Paging Adapter	6.70
Page Relay	3.05
Control Box Model J3015	2.55
All Page Relay	2.45
Supervisory Relay J689542	1.50
Horn, 10 Watt - Model 5C35	3.40
Tone Assembly, Plug In - Model AA3648	1.30
<u>Power Supply Equipment</u>	
Power Supply Model M217	2.90
Power Supply Model M216	1.95
<u>Paging Handset Equipment</u>	
Paging Handset - Desk	4.35
Paging Handset - Surface	4.35
Paging Handset - Surface Model 1PTH-154LS1	3.25
<u>Tuners</u>	
FM/AM-Model 452	6.55
FM/AM Amplifier Model 442	10.90
<u>Master Station Equipment</u>	
Master Station - One Staff Station	3.25
Master Station - Six Staff Stations, Model 706DKK	4.35
Master Station - Ten Staff Stations, Model 710DKK	5.45
Master Station - Six Staff Stations, Model 606D	2.90
Master Station - Model 111AD	8.00
Master Station - Model 111ADH	9.80
Master Station - Model 121AD	11.05
Master Station - Model 121ADH	13.20
Control Station 10 Stations	3.25
Control Station - 10 Stations w/Handset	5.00
Booster Amplifier	3.60
Control Station Model N740ADH	19.60
Desk Annunicator-Model 142ADH	36.30

KEY SYSTEMS AND EQUIPMENT (Continued)

	<u>Monthly Rate</u>
<u>Staff Station Equipment</u>	
Staff Station - Model 81	\$ 1.30
Staff Station - Wall	1.45
Staff Station - Model M60	1.10
Reply Station - Push-to-talk Transmitter	1.65
Reply Station - Handset	3.60
Central Amplifier	4.00
Staff Station - Model 11AL	2.15
Staff Station - Model 61LS1	1.60
Staff Station - Model 12ALS1	2.15
Staff Station - Model NH401LS330	2.15
Call Button Cord Set	.70
Toilet Button w/Lamp	.90
Dome Light - Single	.65
Dome Light - Double	.70
Staff Station - Model 60T	1.75
Staff Station - Weatherproof	4.55
Staff Station, Model 61LT	2.05
Nurse Call Station - Single, Model NH411LS	2.05
Nurse Call Station - Double, Model NH421LS	2.55
Staff Station - Model 12ALW1	2.15
Staff Station - Model C1020	6.30
Staff Station - Model 81S	1.45
<u>Trumpet Station Equipment</u>	
Trumpet Station - Miniature	1.60
<u>Junction Boxes</u>	
Junction Box - Model J34	1.40
Junction Box - Model J804	2.70
Junction Box - Model J252	1.15
Junction Box - Model J970-5S49	5.65
Junction Box - Model J374-5	4.15
<u>Call Switch</u>	
Call Switch	.90
<u>Distribution Box - Amplifier</u>	2.90
<u>Power Amplifier - DuKane</u>	
Amplifier - 30 WATT	5.80
Amplifier - 100 WATT	8.30
<u>Speaker - DuKane</u>	
Speaker, Model 4A150	1.45
Speaker, Model 7101 - Explosive Proof	6.15
Speaker, Model D5C25	3.05
<u>Master Station - DuKane</u>	
Master Station - Model 4A30B	2.90
<u>Tone Generator - DuKane</u>	11.60
<u>Portable Speaker System (5A90)</u>	3.25
Paging Speaker	1.80
Paging Adapter	4.70
Paging Unit	19.60

KEY SYSTEMS AND EQUIPMENT (Continued)

	<u>Monthly Rate</u>
<u>Convenience Systems</u>	
Two line pickup, each instrument	\$ 2.15
Three line pickup & hold, each instrument	5.75
Busy Visual Indi- cation, per system	3.65
Manual Intercom per line	4.10
<u>Non-Expandable Key System</u>	
3 lines, 6 stations, manual intercom	26.25
<u>Key System Intercom</u>	
Single Link System - Rotary Stations beyond 9, each	36.15
Two Link System - Rotary Stations, beyond 9, each	3.45
	52.00
	4.70
<u>Signaling Units - Tie Line</u>	
Automatic One Way, each line	3.70
Automatic Two Way, each line	4.10
Pushbutton Two Way, each line	4.50
<u>Key Telephone Systems, 10A</u>	
<u>Feature Rates</u>	
Pickup, per telephone per line	.90
Station Hold, per telephone	1.05
<u>Common Equipment;</u>	
Combined Line and Busy Lamp operation, each 6 lines	3.30
Per Line	4.50
Key Illumination, per telephone	1.75

KEY SYSTEMS AND EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>
Dial Station Selector	
Command Equipment	
System	
Per line	\$ 1.75
Per Station	1.05
Package Rates	
System, each 6	
lines	6.60
Line, each	7.00
Dial Intercom System	
Rotary	17.40
Touch Call	23.65
Music On Hold	1.50
Key Telephones	
6 Button, each	5.71
10 Button, each	7.41
10 Button with	
Busy Station	
Number Display	
12 Station	
Appearances	11.60
10 Button with Busy Station	
Number Display	
24 Station	
Appearances	13.90
Additional Busy	
Station Number	
Display	9.20
12 Button, each	13.50
18 Button, each	16.65
<u>Key Telephone</u>	
<u>System, 17A</u>	
18 Station Capacity	
Rotary	48.43
Touch Call	57.07
27 Station Capacity	
Rotary	61.10
Line Termination, each	1.57
Station, each	9.49
Synthesized Music	4.41
<u>Key Telephone</u>	
<u>System K36</u>	
Basic Package	26.00
Intercom-Rotary	45.50
Intercom-Touch Call	53.95
Lines beyond 6, each	1.89
Intercom Stations	
beyond 12, each	2.34
Supplemental Call Announcer	16.90
Dial Access, Page	5.53

KEY SYSTEMS AND EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
<u>Key Telephone</u>		
<u>System - Pushbutton</u>		
<u>17A - Vintage Plan 1976</u>		
<u>Common Equipment</u>		
7 lines, 18 stations		
Level B	\$ 14.68	
Non-Contract	44.66	\$ 431.00
7 lines, 27 stations		
Level B	17.68	
Non-Contract	54.22	557.00
15 lines, 36 stations		
Level B	23.18	
Non-Contract	77.98	652.00
Line Equipment, each line		
Level B	.69	
Non-Contract	1.66	9.00
Key Telephone Sets, each		
10 button		
Level B	3.35	
Non-Contract	7.86	158.00
With Handsfree Answer Back		
Level B	3.74	
Non-Contract	10.41	147.00
With Handsfree Answer Back & Busy Station Number Display		
Level B	6.04	
Non-Contract	15.33	197.00
With Busy Station Number Display		
Level B	5.72	
Non-Contract	13.90	191.00
20 Button		
Level B	6.73	
Non-Contract	15.49	279.00
With Handsfree Answer Back		
Level B	7.14	
Non-Contract	17.94	291.00
Speakerphone with Handsfree Answer Back		
9 Line		
Level B	7.58	
Non-Contract	18.68	173.00
15 Line		
Level B	7.34	
Non-Contract	26.04	239.00

KEY SYSTEMS AND EQUIPMENT (Continued)

	<u>Monthly Rate</u>	<u>Non-Recurring Charge</u>
Touch Call Adder		
For 7 x 18 System		
Level B	\$ 2.03	
Non-Contract	5.70	\$ 34.00
For 7 x 27 System		
Level B	2.36	
Non-Contract	6.80	34.00
For 16 x 36 System		
Level B	4.40	
Non-Contract	10.65	89.00
Music on Hold		
Level B	.44	
Non-Contract	1.23	13.00
Music on Hold Interface		
Level B	.76	
Non-Contract	2.14	10.00
Synthesized Music, each		
Level B	1.54	
Non-Contract	4.32	21.00
Attendant Station, each		
For 7 x 18 System		
Level B	10.89	
Non-Contract	29.83	706.00
For 7 x 27 or 15 x 36 System		
Level B	14.80	
Non-Contract	40.98	920.00
Third Intercom Path		
Level B	1.68	
Non-Contract	4.73	32.00
Fourth Intercom Path		
Level B	1.43	
Non-Contract	2.98	32.00
Handsfree Answer Back Adder		
Level B	1.21	
Non-Contract	3.90	57.00
Intercom-Privacy-Rotary		
Level B	3.38	
Non-Contract	5.50	38.00
Touch Call		
Level B	3.71	
Non-Contract	6.59	57.00
Electronic Chime Signal		
Level B	.82	
Non-Contract	1.50	1.00
Power Failure Transfer, each card		
Level B	1.37	
Non-Contract	2.61	19.00

KEY SYSTEMS AND EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
<u>Key Telephone System -</u>		
<u>Pushbutton 36 - Vintage</u>		
<u>Plan 1976</u>		
Common Equipment		
Level B	\$ 20.32	
Non-Contract	113.82	\$ 339.00
Line Equipment, each line		
Level B	.69	
Non-Contract	1.66	10.00
Station Adder		
Level B	1.71	
Non-Contract	8.47	29.00
Common Equipment Expander		
Level B	3.05	
Non-Contract	13.42	56.00
Line Adder, each		
Level B	.38	
Non-Contract	1.63	10.00
Touch Call Adder		
Level B	2.90	
Non-Contract	13.97	37.00
Music on Hold		
Level B	.82	
Non-Contract	2.37	45.00
Paging Adapter		
Level B	.43	
Non-Contract	2.04	10.00
Add on Conference		
Level B	.56	
Non-Contract	2.44	10.00
Off Premises Intercom		
Level B	1.16	
Non-Contract	4.81	12.00
Key Telephone System		
Tie Line Automatic, .		
per pair	.99	
Level B	4.59	11.00
Non-Contract		
Call Announcer, per		
station		
Level B	.99	
Non-Contract	4.55	13.00
<u>Key Telephone System -</u>		
<u>Pushbutton 10A - Vintage 1977</u>		
Common Equipment		
6 lines, 36 stations		
Level B	8.22	
Non-Contract	18.05	175.00

KEY SYSTEMS AND EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
13 lines, 36 stations		
Level B	\$ 18.09	
Non-Contract	34.98	\$ 289.00
Line Equipment, per line		
Level B	2.73	
Non-Contract	3.62	9.00
Intercom		
All Dial		
Level B	4.09	
Non-Contract	7.29	59.00
Touch Call/Mixed		
Level B	8.03	
Non-Contract	16.25	59.00
Intercom Expansion Unit		
Level B	2.99	
Non-Contract	4.76	53.00
Music on Hold, First		
5 lines		
Customer Provided Source		
Level B	1.22	
Non-Contract	1.78	20.00
Company Provided		
Source		
Level B	3.35	
Non-Contract	6.90	32.00
Lines Beyond 5,		
Either Source		
Level B	.24	
Non-Contract	.36	4.00
Auxiliary Paging		
Adapter		
Level B	3.39	
Non-Contract	6.02	38.00
Power Failure Transfer,		
each card		
Level B	1.38	
Non-Contract	3.42	79.00
<u>Key Telephone Sets -</u>		
<u>Vintage 1977</u>		
6 Button		
Level B	2.62	
Non-Contract	5.71	128.00
10 Button		
Level B	3.17	
Non-Contract	7.41	160.00
10 Button, Loud		
Speaking		
Level B	4.38	
Non-Contract	13.16	142.00

KEY SYSTEMS AND EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
10 Button (Used with Handsfree Speaker Unit)		
Level B	\$ 5.02	
Non-Contract	10.61	\$ 129.00
10 Button with Busy Station Number Display		
Level B	4.96	
Non-Contract	11.60	289.00
20 Button		
Level B	4.75	
Non-Contract	13.11	187.00
20 Button, Loud Speaking		
Level B	5.56	
Non-Contract	18.67	196.00
20 Button (Used with Handsfree Speaker Unit)		
Level B	4.56	
Non-Contract	11.42	178.00
20 Button With Busy Station Number Display		
Level B	8.22	
Non-Contract	22.28	343.00
30 Button		
Level B	5.90	
Non-Contract	20.13	241.00
Handsfree Speaker Unit		
Level B	5.21	
Non-Contract	10.86	28.00
<u>Key Telephone System -</u> <u>Series U.C. 11 - Vintage</u> <u>Plan 1980</u>		
Common Equipment		
Package A (7 x 17)		
Level B	23.64	
Non-Contract	86.64	249.00
Common Equipment		
Package B (20 x 40)		
Level B	26.84	
Non-Contract	113.00	264.00
Line Card		
Level B	1.77	
Non-Contract	3.61	4.00
Station Instrument (T.C.)		
Level B	3.18	
Non-Contract	16.80	44.00

KEY SYSTEMS AND EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Station Instrument (Dial)		
Level B	\$ 3.23	
Non-Contract	17.37	\$ 44.00
Dialing Station Selection Console		
Level B	2.11	
Non-Contract	13.19	50.00
Dial Station Selection Console Card		
Level B	.59	
Non-Contract	4.30	52.00
Expansion Cabinet		
Level B	6.80	
Non-Contract	27.34	50.00
Intercom Link-A Card		
Level B	.24	
Non-Contract	2.06	6.00
Key Telephone System - Intercom Link-B Card		
Level B	.94	
Non-Contract	2.97	5.00
Memory Dial - T.C.		
Level B	.53	
Non-Contract	2.89	2.00
Memory Dial - Dial Pulse		
Level B	.39	
Non-Contract	1.58	2.00
Toll Restriction - T.C.		
Level B	.53	
Non-Contract	2.89	2.00
Toll Restriction - Dial Pulse		
Level B	.39	
Non-Contract	1.58	2.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT

	<u>Monthly</u> <u>Rate</u>
<u>Class C and Class D Dial</u>	
<u>Switching Equipment</u>	
First 30 Lines, each line	\$ 4.30
Next 50 Lines, each line	3.85
Next 20 Lines, each line	3.45
<u>Switchboards and Key Sending</u>	
<u>Sets</u>	
Class A Manual Cordless	
12 Line, 3 Trunk	22.25
16-20 Line, 5 Trunk	27.80
Class B Manual Cord	
40 Line	41.75
80 Line	48.50
320 Line	69.50
5 Line Conference	11.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>
<b>Class C</b>	
Leich 40, 80, & 100, up to 10 Trunks	\$ 19.50
Leich 80, over 10 Trunks	39.00
Leich 100 Floor Console	160.00
Multiple Type Board	104.00
Non-Expandable with Busy Lamp Field	
Leich 40	13.25
Leich 80	23.00
AE 50	55.00
<b>Toll Diversion</b>	
Leich 40, Trunks 1-5	9.80
Leich 40, Trunks 6-10	14.45
Leich 80 & 100, Trunks 1-12	9.80
Trunks over 12	14.45
<b>Message Waiting Turret</b>	
Leich 40	19.65
Leich 80	31.45
<b>Message Register - Leich 40</b>	29.10
<b>Camp on Busy</b>	
First 5 Trunks	33.80
Over 5 Trunks	5.50
<u>Electrowriter Hotel/Motel</u>	28.00
<u>Auxiliary Power</u>	
Leich 40	19.65
Leich 80	23.55
<u>Class D, Turret and Consoles</u>	
Turret e/w 10 Central Office Trunks	205.00
Turret or Consoles e/w 10 C.O. Trunks w/100 line Busy Lamp Field	279.00
Console e/w 10 Central Office Trunks w/o Busy Lamp Field	246.00
Additional C.O. Trunks equipped	15.75
Additional 100 Line Busy Lamp Field	31.45
<b>Class D Progressive</b>	
Conference, First Circuit	162.00
Additional Circuit	121.00
<u>Class C &amp; D Features</u>	
Conference - Meet Me	12.60
Conference - Dial	22.00
Message Waiting Turret	50.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>
Message Metering	\$ 20.45
Service per trunk	.95
Station Meter Cabinet	7.85
Central Dictation, First Link	39.00
Each added link	23.60
Toll Diversion Trunks	8.25
Toll Restriction Trunks	6.65
Attendant Trunks	5.10
<u>Tie Line Terminals</u>	
Manual Tie Line	
Termination	11.50
One-Way Dial Tie Trunk	19.00
Two-Way Dial Tie Trunk (Non-Expandable System)	24.50
Two-Way Dial Tie Trunk (Expandable System)	30.60
Two-Way Dial Tie Line (Trunk on Switch)	17.35
<u>Secretarial Answering</u>	
<u>Switchboards</u>	
Secretarial Switchboard	
Position	181.00
Additional Equipment	
Units for 20 Secretarial	
Lines, each unit	16.45
<u>120 PABX</u>	
Common Equipment	268.00
Attendant Turret	38.00
Attendant Turret, w/Busy	
Lamp Field	60.00
Touch Calling	52.00
Dial Call Pickup (5 Groups, 20 Stations)	7.25
C.O. Trunks over 8	7.85
Auxiliary Trunks	11.80
<u>400 &amp; 800 PABX</u>	
Basic Equipment	
1-12 Trunks	30.50
13-20 Trunks	39.00
21-30 Trunks	55.85
Toll Restriction	6.00
Speed Call	
Basic Storage	9.65
Added Storage	3.60
Call Back	40.00
Number Translation	18.00
Dial Up Conference	17.00
Basic Touch Call	41.00
Touch Call, 100 Line	110.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
<u>SERIES 80S - VINTAGE 1978</u>		
Basic System		
Level B	\$126.16	
Non-Contract	462.14	\$3,261.00
Line Equipment		
Level B	7.97	
Non-Contract	13.44	32.00
Junctors		
Level B	12.65	
Non-Contract	22.30	52.00
Trunk Equipment		
2 Way, Loop Start C.O.,		
4 CCT/Card		
Level B	6.74	
Non-Contract	13.69	50.00
2 Way, Ground Start C.O.,		
4 CCT/Card		
Level B	6.95	
Non-Contract	14.94	64.00
2 Way, Loop Start DID, DOD,		
Tie, 4 CCT/Card		
Level B	7.58	
Non-Contract	18.99	57.00
E & M Tie Trunk, 4 CCT/Card		
Level B	6.66	
Non-Contract	12.91	63.00
Tandem Tie Trunk Control		
Level B	3.76	
Non-Contract	5.64	14.00
Matrix Equipment		
Matrix 20 x 16		
Level B	11.51	
Non-Contract	28.67	141.00
Matrix 20 x 8		
Level B	8.62	
Non-Contract	18.19	83.00
Matrix 10 x 16		
Level B	10.07	
Non-Contract	19.64	83.00
Attendant Headset, each		
Level B	3.21	
Non-Contract	4.82	20.00
Training Plug, each		
Level B	1.52	
Non-Contract	2.24	7.00
Attendant Controlled Conference		
Level B	7.55	
Non-Contract	24.15	61.00
Dictation Access		
Level B	8.23	
Non-Contract	17.94	57.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Trunk Equipment Card (2 Way CO, 4 Ckt./Cd.) each		
Level B	\$ 13.36	
Non-Contract	25.24	\$ 90.00
E/M Tie Trunk Card (4 Ckt./Cd.), each		
Level B	12.96	
Non-Contract	22.92	88.00
Line Busy Field Card, each		
Level B	5.11	
Non-Contract	13.15	72.00
Expansion Unit (Series 120A or 120C)		
Level B	6.65	
Non-Contract	24.70	112.00
Expansion Unit (Series 120M)		
Level B	6.73	
Non-Contract	25.22	115.00
<u>Optional System Features</u>		
<u>Touch Calling Receivers, each</u>		
Level B	2.29	
Non-Contract	9.40	103.00
Dictation, Paging, Code Call Access Ckt.		
Level B	3.42	
Non-Contract	10.97	86.00
Universal Page Access Ckt. Page, Dictation, Code Call, Recorder Announcer Services		
Level B	4.44	
Non-Contract	15.96	114.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u>	<u>Non-Recurring</u>
	<u>Rate</u>	<u>Charge</u>
Dial Call Pickup Signaling		
Level B	\$ 6.22	
Non-Contract	12.36	\$ 42.00
Dial Call Pickup Display		
Level B	6.80	
Non-Contract	13.94	133.00
Touch Call Equipment		
Per System		
Level B	13.43	
Non-Contract	30.07	165.00
Tone Receivers		
Level B	5.78	
Non-Contract	17.36	79.00
Send Circuit		
Level B	4.38	
Non-Contract	8.45	54.00
Call Waiting		
Level B	2.83	
Non-Contract	5.43	27.00
Code Call		
Level B	4.45	
Non-Contract	9.90	54.00
Traffic Scanner Interface		
Level B	6.51	
Non-Contract	18.03	46.00
Intercept to Recorded		
Announcement		
Level B	2.65	
Non-Contract	4.92	27.00
Message Metering		
Level B	5.30	
Non-Contract	9.00	336.00
Message Meters		
Level B	6.69	
Non-Contract	22.39	140.00
<u>SERIES 120 -VINTAGE 1979</u>		
Basic System A		
Level B	206.09	
Non-Contract	625.27	6,084.00
Basic System M		
Level B	206.01	
Non-Contract	584.60	4,213.00
Basic System C		
Level B	195.63	
Non-Contract	578.04	5,249.00
Station Line Ckt. Card		
(8 Line Per Card)		
Level B	14.10	
Non-Contract	29.40	179.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
<u>Optional System Features</u>		
Retrofit Feature Package		
Level B	\$ 11.31	
Non-Contract	45.67	\$ 812.00
Conference Call Circuit		
Meet-Me-Conf.-10 Party		
Level B	8.23	
Non-Contract	17.68	99.00
Dial Call Pickup Display		
Unit - 11 Lines		
Level B	1.57	
Non-Contract	6.18	109.00
Dial Call Pickup Display		
Unit - 24 Lines		
Level B	2.38	
Non-Contract	9.90	149.00
Additional Attendant Headset		
Level B	1.75	
Non-Contract	3.87	27.00
<u>Optional Hotel/Motel Features</u>		
<u>For Series 120M System Only</u>		
Key Entry Display Unit (KEDU)		
Level B	18.47	
Non-Contract	39.56	211.00
Printer		
Level B	14.42	
Non-Contract	45.93	79.00
Dual Remote Interface		
(Reg. for 2nd KEDU and/or		
Printer)		
Level B	3.43	
Non-Contract	13.23	98.00
Power for Remote KEDU		
or Console		
Level B	4.38	
Non-Contract	8.31	74.00
Automatic Wake-up Service		
(With Tone Response) and		
Message Metering Service,		
each system		
Level B	15.77	
Non-Contract	43.45	164.00
Automatic Wake-up Service		
(With Recorded Voice Response		
and Message Metering), each		
system		
Level B	20.45	
Non-Contract	66.16	483.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Message Metering Service (W/O Automatic Wake-up Service), each system		
Level B	\$ 12.99	
Non-Contract	35.65	\$ 109.00
Message Waiting Service (One Card Required for each 20 Lines equipped), each card		
Level B	11.96	
Non-Contract	27.56	105.00
Paging and Recording Announcement Access Circuit		
Level B	3.07	
Non-Contract	10.96	84.00
<u>SERIES 48 - VINTAGE 1976</u>		
Basic Packages		
200L 421, 422, 423		
Level B	170.57	
Non-Contract	532.25	2,162.00
200L 432, 433		
Level B	203.86	
Non-Contract	573.19	2,477.00
300L 831A		
Level B	318.86	
Non-Contract	1,114.85	3,812.00
300L 833		
Level B	389.25	
Non-Contract	1,232.40	4,591.00
300L 835		
Level B	401.02	
Non-Contract	1,273.78	4,739.00
Trunk Equipment		
40 Trunk on 400		
Level B	9.68	
Non-Contract	41.44	374.00
40 Trunk on 800		
Level B	11.75	
Non-Contract	51.60	452.00
80 Trunk on 800		
Level B	15.39	
Non-Contract	67.95	598.00
Number Display		
Level B	4.48	
Non-Contract	12.01	98.00
Line Variables - Each 10 Lines on:		
6 Path System		
Level B	2.64	
Non-Contract	11.43	100.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
7 Path System		
Level B	\$ 2.78	
Non-Contract	12.11	\$ 106.00
8 Path System		
Level B	2.73	
Non-Contract	12.61	111.00
Trunk and Junctor Variables		
C Matrix, 6 Path		
Level B	5.39	
Non-Contract	23.32	209.00
C Matrix, 7 Path		
Level B	5.53	
Non-Contract	24.02	217.00
C Matrix, 8 Path		
Level B	5.46	
Non-Contract	24.54	237.00
B Matrix, 6 Path		
Level B	2.49	
Non-Contract	10.65	100.00
B Matrix, 7 Path		
Level B	2.83	
Non-Contract	12.31	114.00
B Matrix, 8 Path		
Level B	3.30	
Non-Contract	14.11	128.00
C Matrix, 6 Junctors		
Level B	2.72	
Non-Contract	11.25	132.00
Junctors		
Regular		
Level B	1.36	
Non-Contract	6.34	68.00
Call Back		
Level B	2.86	
Non-Contract	8.70	89.00
Trunks		
Information		
Level B	1.47	
Non-Contract	6.04	77.00
C.O. or F.X. w/o Transfer		
Level B	2.77	
Non-Contract	10.11	99.00
C.O. or F.X. w/Transfer		
Level B	2.98	
Non-Contract	12.64	124.00
Toll		
Level B	1.55	
Non-Contract	5.47	67.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Two-Way Dial Tie		
Level B	\$ 3.56	
Non-Contract	15.88	\$ 152.00
Dedicated Register		
Level B	.76	
Non-Contract	3.23	31.00
Dedicated Register Coupler		
Level B	.89	
Non-Contract	3.78	37.00
Conference Circuits		
Meet-Me, 8 Path		
Level B	2.75	
Non-Contract	12.03	107.00
Dial-Up		
Level B	4.25	
Non-Contract	16.89	160.00
Paging Adapters		
On 7 Path System		
Level B	2.71	
Non-Contract	12.16	106.00
On 8, Path System		
Level B	2.73	
Non-Contract	12.73	113.00
Call Back		
Level B	3.11	
Non-Contract	9.99	110.00
Consultation		
Per System		
Level B	.39	
Non-Contract	1.21	33.00
Per 5 Trunk Group		
Level B	.85	
Non-Contract	3.46	37.00
Outgoing Register Sender -		
800 Systems		
Trunks 1-12		
Level B	6.73	
Non-Contract	30.80	336.00
Trunks 13-20, etc.		
Level B	2.80	
Non-Contract	10.81	188.00
Trunks 21-32, etc.		
Level B	6.23	
Non-Contract	27.23	293.00
Outgoing Register Senders -		
400 Systems		
Trunks 1-12		
Level B	6.73	
Non-Contract	30.80	336.00
Trunks 13-20		
Level B	3.17	
Non-Contract	11.19	188.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Trunks 21-30		
Level B	\$ 4.41	
Non-Contract	17.75	\$ 218.00
Toll Restriction		
Level B	1.73	
Non-Contract	5.26	208.00
Tone Dial Equipment		
Tone Diverter Scanner		
Level B	.99	
Non-Contract	1.84	41.00
Tone Dial Converter		
Level B	4.92	
Non-Contract	11.91	179.00
Tone Dial Coupler		
Level B	1.61	
Non-Contract	4.05	94.00
Number Translation		
Level B	4.81	
Non-Contract	16.28	289.00
Call Blocking and Special Service Routing		
Level B	.80	
Non-Contract	2.45	86.00
Busy Lamp Field		
Level B	5.70	
Non-Contract	23.16	325.00
Night Answer Console		
Level B	2.32	
Non-Contract	8.05	199.00
Digit Transfer Ckt.		
Level B	1.11	
Non-Contract	3.16	34.00
"D" Cabinet		
Level B	9.72	
Non-Contract	42.51	385.00
Front Control Gate		
Level B	5.00	
Non-Contract	21.51	210.00
Speed Call		
Level B	.81	
Non-Contract	3.14	43.00
Speed Call Store		
Level B	.96	
Non-Contract	3.87	39.00
Message Registration Per 50 Lines		
Level B	.84	
Non-Contract	3.34	39.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Cabinet #1-Redundant-DC		
Level B	\$ 201.61	
Non-Contract	717.46	\$ 5,568.00
Cabinet #1-Redundant-DC		
Level B	174.45	
Non-Contract	636.54	5,568.00
Cabinet #2-Redundant-AC		
Level B	105.94	
Non-Contract	435.17	3,703.00
Cabinet #2-Redundant-DC		
Level B	78.15	
Non-Contract	354.70	1,751.00
Cabinet #1		
Level B	67.57	
Non-Contract	235.35	1,244.00
Cabinet #2		
Level B	27.09	
Non-Contract	97.86	1,226.00
Attendant Console		
Level B	42.07	
Non-Contract	111.89	274.00
Trunk Group Common Equipment		
Level B	6.95	
Non-Contract	24.78	65.00
CO/FX WATS Trunk Termination		
Card		
Level B	21.56	
Non-Contract	35.26	64.00
DID Trunk - Common Equipment		
Level B	11.46	
Non-Contract	28.76	70.00
DID Trunk Card		
Level B	15.85	
Non-Contract	58.88	99.00
Tie Trunk Termination Card		
Level B	9.75	
Non-Contract	44.43	75.00
Tie Trunk - Common Equipment		
Level B	11.20	
Non-Contract	28.50	69.00
Tie Trunk Card		
Level B	9.24	
Non-Contract	41.81	76.00
Regular Loop Lines		
Level B	12.67	
Non-Contract	52.19	182.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Per 10 Lines	\$ 1.58	
Level B	5.95	\$ 61.00
Non-Contract		
Standby Power		
200 Line 400A		
Level B	17.36	
Non-Contract	73.20	632.00
Message Waiting and		
Do Not Disturb		
Control Circuit		
Level B	.44	
Non-Contract	1.68	29.00
Equipment per 100 Lines		
Level B	6.97	
Non-Contract	28.61	247.00
"H" Cabinet		
Level B	13.97	
Non-Contract	58.76	569.00
Electronic Message		
Registration (EMR)		
"M" Cabinet		
Level B	6.30	
Non-Contract	20.19	197.00
EMR Gate		
Level B	59.30	
Non-Contract	173.44	3,321.00
Printer		
Level B	18.02	
Non-Contract	39.97	1,118.00
<u>SERIES CBX SYSTEMS - VINTAGE 1979</u>		
SCBX Basic System		
Level B	243.16	
Non-Contract	664.47	4,205.00
SCBX Basic System - AC		
Level B	284.42	
Non-Contract	850.25	8,767.00
VSCBX Basic System -		
Model I		
Level B	271.91	
Non-Contract	713.07	8,324.00
VSCBX Basic System -		
Model II		
Level B	297.58	
Non-Contract	818.95	8,378.00
Trunk Group - Common		
Equipment		
Level B	6.58	
Non-Contract	24.37	195.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly Rate</u>	<u>Non-Recurring Charge</u>
Trunk Expander		
Level B	\$ 1.40	
Non-Contract	3.17	\$ 20.00
Line Equipment		
Level B	15.04	
Non-Contract	53.14	187.00
Rotary Common Equipment		
Level B	11.90	
Non-Contract	22.56	203.00
Call Back Queuing		
Level B	11.41	
Non-Contract	42.61	45.94
Standby Queuing		
Level B	5.84	
Non-Contract	27.89	46.00
Route Optimization		
Level B	11.07	
Non-Contract	40.21	46.00
Route Optimization II		
Level B	16.64	
Non-Contract	76.65	212.00
Toll Restriction		
Level B	3.85	
Non-Contract	14.09	249.00
Call Forwarding, Busy/ Do Not Answer		
Level B	1.83	
Non-Contract	11.93	46.00
Direct Inward Dialing		
Level B	8.59	
Non-Contract	51.04	88.00
Direct Inward System Access		
Level B	5.09	
Non-Contract	18.85	30.00
Outward CDR - List		
Level B	11.76	
Non-Contract	45.01	46.00
Outward and Inward CDR		
Level B	74.84	
Non-Contract	483.49	294.00
Inward/Outward CDR		
Level B	15.67	
Non-Contract	48.93	46.00
Automatic Network Dialing		
Level B	15.31	
Non-Contract	61.69	473.00
Cabinet #1-Non-Redundant-AC		
Level B	169.72	
Non-Contract	606.25	5,339.00
Cabinet #1-Redundant-AC		
Level B	187.90	
Non-Contract	696.30	5,387.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Regular Loop Lines (CE and Line Cards)		
Level B	\$ 15.58	
Non-Contract	53.89	\$ 496.00
Regular Loop Lines (CE Only)		
Level B	5.99	
Non-Contract	23.62	70.00
Regular Loop Lines (Card Only)		
Level B	5.15	
Non-Contract	15.41	190.00
Long Loop Lines		
Level B	19.71	192.00
Non-Contract	73.59	
Long Loop Lines (CE and Line Card)		
Level B	22.47	
Non-Contract	74.13	505.00
Rotary Dial -CE - 1st 400 Lines		
Level B	13.39	
Non-Contract	33.46	68.00
Rotary Register and Sender- Additional 200 Lines		
Level B	10.37	
Non-Contract	15.54	58.00
Rotary Registers - CE - 1st 200 Lines		
Level B	10.94	
Non-Contract	15.77	45.00
Rotary Sender Common Equipment		
Level B	11.25	
Non-Contract	20.81	61.00
Touch Calling Common Equipment		
Level B	56.16	
Non-Contract	159.05	123.00
Memory Expansion (12K Mem. Card)		
Level B	13.86	
Non-Contract	53.81	81.00
Memory Expansion (48K Mem. Card)		
Level B	35.90	
Non-Contract	170.65	160.00
Trunk Bypass		
Level B	5.62	
Non-Contract	16.36	117.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Two Channel Input-Output		
Level B	\$ 6.56	
Non-Contract	31.25	\$ 71.00
Key Telephone Common Equipment		
Level B	11.11	
Non-Contract	29.05	95.00
Key Telephone Interface and Adapter		
Level B	2.92	
Non-Contract	13.24	62.00
Advance Features - 1st Cabinet		
Level B	15.40	
Non-Contract	70.33	59.00
Additional Cabinet		
Level B	6.03	
Non-Contract	33.59	30.00
Call Back Queuing		
Level B	14.64	
Non-Contract	69.56	30.00
Standby Queuing		
Level B	7.69	
Non-Contract	40.70	51.00
Call Forwarding, Busy/ Do Not Answer		
Level B	8.58	
Non-Contract	22.53	59.00
Direct Inward System Access		
Level B	6.22	
Non-Contract	26.81	30.00
Direct Station Dialing		
Level B	6.32	
Non-Contract	35.60	30.00
Direct Inward Dialing		
Level B	6.42	
Non-Contract	34.38	165.00
Intercom Blocking		
Level B	8.42	
Non-Contract	49.72	59.00
Route Optimization I		
Level B	13.54	
Non-Contract	57.52	46.00
Toll Restriction		
Level B	4.34	
Non-Contract	18.75	184.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Outward CDR - List -		
1st Cabinet		
Level B	\$ 21.74	
Non-Contract	112.55	\$ 171.00
Inward/Outward CDR -		
1st Cabinet		
Level B	17.96	
Non-Contract	64.73	59.00
Automatic Call Distribution		
Level B	11.20	
Non-Contract	69.76	30.00
Automatic Call Distribution		
I		
Level B	16.70	
Non-Contract	72.06	147.00
Automatic Call Distribution		
II		
Level B	35.43	
Non-Contract	200.96	265.00
Automatic Call Distribution		
I or II Traffic Statistics		
Level B	19.81	
Non-Contract	129.65	88.00
Automatic Call Distribution		
Forced Answer Interface		
Level B	1.47	
Non-Contract	8.40	55.00
Recorded Annoumcer		
Level B	7.26	
Non-Contract	14.76	76.00
Common Equipment		
Level B	66.36	
Non-Contract	159.59	178.00
Electronic Telephone		
Key Sets		
Level B	9.51	
Non-Contract	17.41	125.00
<u>FOCUS II SYSTEM - VINTAGE 1979</u>		
Equipment Cabinet No. 1		
Level B	218.66	
Non-Contract	795.06	3,693.00
Equipment Cabinet No. 2		
Level B	104.74	
Non-Contract	441.12	2,916.00
Redundancy of Common Control		
Level B	27.14	
Non-Contract	120.03	185.00
Attendant Console - Common		
Equipment		
Level B	13.97	
Non-Contract	23.62	90.00

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u>	<u>Non-Recurring</u>
	<u>Rate</u>	<u>Charge</u>
Attendant Console - Basic W/O BLF or DSS Capability		
Level B	\$ 28.18	
Non-Contract	80.47	\$ 197.00
Attendant Console - E/W BLF		
Level B	31.37	
Non-Contract	102.55	209.00
Attendant Console - E/W BLF and DSS		
Level B	33.61	
Non-Contract	118.12	218.00
Attendant Distribution Box		
Level B	21.91	
Non-Contract	37.99	108.00
Both Way Trunk Card (CO/FX/ WATS)		
Level B	7.09	
Non-Contract	21.02	61.00
Tie Trunk Card - E & M		
Level B	6.06	
Non-Contract	13.88	57.00
Regular Loop Lines		
Level B	4.15	
Non-Contract	18.99	165.00
Long Loop Lines		
Level B	4.46	
Non-Contract	21.10	166.00
Touch Calling Receiver Card		
Level B	3.49	
Non-Contract	12.09	41.00
Memory Expansion		
Level B	6.48	
Non-Contract	34.61	54.00
Trunk Bypass		
Level B	3.40	
Non-Contract	15.25	174.00
Paging, Code Call, Universal Night Answer		
Level B	2.64	
Non-Contract	10.98	119.00
Conference Trunk		
Level B	2.42	
Non-Contract	10.20	53.00
Automatic Route Selection		
Level B	.71	
Non-Contract	1.39	184.00
Station Message Detail		
Recording, Printer Option		
Level B	48.69	
Non-Contract	281.37	576.00
Station Message Detail		

PBX SYSTEMS AND ASSOCIATED EQUIPMENT (Continued)

	<u>Monthly</u> <u>Rate</u>	<u>Non-Recurring</u> <u>Charge</u>
Recording, Tape Option		
Level B	\$ 68.54	
Non-Contract	410.94	\$ 648.00
Dial Call Pickup Display-		
11 Lines		
Level B	2.96	
Non-Contract	8.10	110.00
Dial Call Pickup Display-		
24 Lines		
Level B	3.92	
Non-Contract	12.16	149.00
Hotel/Motel or Hospital		
Features		
Basic Package Adder		
Level B	10.01	
Non-Contract	59.64	177.00
Front Desk Consoles		
Level B	28.15	
Non-Contract	79.35	245.00
Printer		
Level B	10.40	
Non-Contract	39.06	120.00
Motel Feature		
Package		
Level B	2.83	
Non-Contract	6.13	269.00
Calling Number Display		
Level B	3.11	
Non-Contract	10.70	72.00
Calling Number Display		
Console		
Level B	2.83	
Non-Contract	12.28	163.00

CENTREX SERVICE

	<u>Network Access</u>	<u>Monthly Rate</u>	<u>Intercommunication</u>
<u>Schedule 1</u>			
<u>C.U. Centrex</u>			
<u>Main or Administrative Centrex</u>			
<u>Lines</u>			
First 200 Lines, each	\$ 18.18		\$ 5.00
Next 400 Lines, each	10.22		6.60
Next 400 Lines, each	7.60		5.60
Over 1,000 Lines, each	6.89		3.35
Restricted Lines, each			2.80
Dormitory Lines, each	6.89		3.35
<u>C.O. Centrex</u>			
<u>Main or Administrative Centrex</u>			
<u>Lines</u>			
First 200 Lines, each	18.18		5.52
Next 400 Lines, each	10.22		7.12
Next 400 Lines, each	7.60		6.12
Over 1,000 Lines, each	6.89		3.87
Restricted Lines, each			2.80
Dormitory Lines, each	6.89		3.87
<u>Schedule 2</u>			
<u>C.U. Centrex</u>			
<u>Main or Administrative Centrex</u>			
<u>Lines</u>			
First 200 Lines, each	26.18		5.00
Next 400 Lines, each	13.36		6.60
Next 400 Lines, each	9.34		5.60
Over 1,000 Lines, each	8.55		3.35
Restricted Lines, each			2.80
Dormitory Lines, each	8.55		3.35
<u>C.O. Centrex</u>			
<u>Main or Administrative Centrex</u>			
<u>Lines</u>			
First 200 Lines, each	26.18		5.52
Next 400 Lines, each	13.36		7.12
Next 400 Lines, each	9.34		6.12
Over 1,000 Lines, each	8.55		3.87
Restricted Lines, each			2.80
Dormitory Lines, each	8.55		3.87

MISCELLANEOUS SIGNALS (BELLS, GONGS, ETC.)

	<u>Monthly</u> <u>Rate</u>
<u>Extension Bells</u>	
3 Inch, Residence	\$ .82
3 Inch, Business	1.65
6 Inch	2.05
<u>Pushbuttons &amp;</u>	
<u>Buzzers, each</u>	.82
<u>Signals &amp; Control</u>	
<u>Equipment</u>	
Control Equipment	3.30
Indoor Location	
6 Inch Gong	2.05
10 Inch Gong	2.85
Horn	2.85
Lamp	1.65
Chime	3.70
Outdoor Location	
6 Inch Gong	2.45
10 Inch Gong	4.10
Horn	3.70
Lamp	2.05
<u>Bell Chime</u>	2.05
<u>Signaling Terminations</u>	
Pushbutton One-way	9.00
Pushbutton Two-way	10.65
Automatic Two-way	19.70

MISCELLANEOUS EQUIPMENT

	<u>Monthly</u> <u>Rate</u>
<u>Speakerphones</u>	
Single Line	\$ 8.00
Nine Line	13.16
<u>Speaker Units</u>	
Handsfree 2	10.86
Handsfree 3	5.60
<u>Call Diverting Units</u>	
With Recorded	
Announcement	28.80
Without	17.10
Ring-through	
Feature	3.50
<u>Transaction II</u>	
Telephone	45.00
Entry Pad	4.00

INSTALLATION CHARGES - MOBILE TELEPHONE SERVICE

	<u>Rate</u>
<u>Installation Charges,</u> (in Addition to Applicable Service Charges)	
Mobile Telephone Set	\$ 90.00
Extension Mobile Set, Different Vehicle	90.00
Same Vehicle	50.00
Relay Control for Auxiliary Horn Signal	20.00

AUTOMATIC DIALING EQUIPMENT

	<u>Monthly Rate</u>
Card Dialer, Single Line and Six Key Set	\$ 6.35
Magical Unit, Capacity of	
400 Listings	13.80
1,000 Listings	15.00
Electronic 32 Number Dialer	7.85

COUPLER EQUIPMENT (VOICE, DATA, ETC.)

	<u>Monthly Rate</u>
<u>Voice Connecting Arrangement</u>	
QKT	\$ .82
C2A	11.35
RDMZR	9.85
STC	11.25
STP, Capacity 8 Couplers	16.42
STP, each line Arranged	7.80
<u>Data Access Arrangement</u>	
CDT	3.30
CBS	14.78
CBT	10.65
CBV	2.05

COUPLER EQUIPMENT (VOICE, DATA, ETC.) CONTINUED

	<u>Monthly Rate</u>
<u>For Customer Provided Communications System</u>	
CD8	\$ 10.25
CDH	11.50
C2H	41.05
CET	10.00
VCP	10.50
CDQ2W	14.30
CDQ4W	16.73
DCK	13.36
DCW	17.40
CDY	1.40
Alarm Coupler, CAU	6.16

SPECIAL PURPOSE TELEPHONE UNITS

	<u>Monthly Rate</u>
Explosive Atmosphere Telephone Set	\$ 16.40
Explosive Atmosphere Station Auxiliary Signals, Each	9.85
Outdoor Telephone Set	9.00
Press-to-talk Handset	4.10
Confidencer (Anti- Noise) Unit	.85

RECORDER CONNECTOR AND COUPLER EQUIPMENT

	<u>Monthly Rate</u>
Recorder Connector w/tone	\$ 6.60
Recorder Connector w/o tone	4.90
Recorder Connector w/tone signal filter	9.85
Recorder Coupler Unit	7.40
Connecting Arrange- ment w/Call Duration Timing	9.85

ANSWERING AND RECORDING EQUIPMENT

	<u>Monthly Rate</u>
Automatic Warning Unit	\$ 23.00
Automatic Answering & Recording (Model LP)	39.40
Automatic Answering & Recording (Model SP)	17.25
Automatic Answering & Recording (Model RFP)	44.25
Automatic Recording (Model MR2)	32.85
Automatic Answering & Recording	22.15
Automatic Answering & Recording Earset	.85
Automatic Answer Only w/Disc	14.65
Automatic Answer Only e/w Microphone & Tape	16.40
Answer & Recording-MP (Automatic Telephone)	15.00

LINE SIGNALING AND TRANSMISSION EQUIPMENT

	<u>Monthly Rate</u>
Line Signaling Unit, each	\$ 6.55
Line Transmission Unit, each	8.25

SECRETARIAL ANSWERING TURRETS

	<u>Monthly Rate</u>
Six Line Turret	\$ 12.30
Ten Line Turret	14.80
Twenty Line Turret	19.70

WIRING PLANS

	<u>Rate</u>
Wiring Plan Number	
100, 150 & 203	\$ 1.65
111 & 200	3.70
202	4.10
204 & 400	2.05
209	4.50
404	7.40
415	3.30

TIME AND TEMPERATURE EQUIPMENT

	<u>Monthly Rate</u>
Time Announcement Unit	\$246.25
Temperature Announce- ment Unit	164.15
Announcement Line Connectors, each	6.60
Traffic Load Pro- tection Unit	57.50