

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CINCINNATI)
BELL, INC., FOR AUTHORITY TO)
ADJUST ITS RATES AND CHARGES) CASE NO. 8174
AND TO CHANGE ITS TARIFFS)

O R D E R

Procedural Background

On March 20, 1981, Cincinnati Bell, Inc., ("Cincinnati Bell") filed a notice with the Commission requesting to increase its rates and charges for service to Kentucky customers inside the Cincinnati Metropolitan Service Area ("CMSA") to uniform levels granted in a similar rate case proceeding in Ohio (Case No. 80-476-TP-AIR) and to increase its rates and charges for service to its Kentucky customers outside the CMSA. The Commission in its Order entered September 9, 1981, approved rates and charges which increased Cincinnati Bell's revenues but were not uniform with the rates and charges established by the Ohio Commission for service in the Ohio jurisdictional portion of the CMSA and were also lower than Cincinnati Bell's requested rates and charges for service to customers outside the CMSA.

On September 29, 1981, Cincinnati Bell filed a petition for rehearing on three issues outlined in the Commission's Order

entered September 9, 1981. The issues raised were rate uniformity in the CMSA, rate of return on net investment and curtailment of revenues. Further, on September 29, 1981, Gallatin County, Grant County, Pendleton County, Dry Ridge, Falmouth, Warsaw and Williamstown ("Gallatin County, et al."), by counsel, filed a petition for reconsideration on the issue of rate uniformity, and on October 1, 1981, the Attorney General's Consumer Protection Division ("A.G.") filed a response to Cincinnati Bell's petition for rehearing which also requested that the Commission grant a rehearing to address the issue of rate uniformity. The Commission in its Order entered October 19, 1981, granted the petitions for rehearing, and a hearing was held as scheduled on December 15, 1981. Briefs were filed on January 14, 1982.

Analysis and Determination

The major service area served by Cincinnati Bell is the CMSA. The CMSA encompasses portions of Ohio, Indiana and Kentucky. Customers residing in the CMSA can call anywhere within this area for the base monthly rate, thus making the CMSA one of the largest local calling areas in the nation.

Historically, the Kentucky Commission adopted the rates set by Ohio as the fair, just and reasonable rates for Kentucky customers residing in the CMSA to be charged for service. This rate-making approach recognized the CMSA as a single service area and helped foster the growth of this local calling area, benefiting customers in Kentucky and the other jurisdictions.

In implementing rate uniformity within the CMSA, Cincinnati Bell historically allocated utility plant and expenses to the Kentucky and Ohio jurisdictions on a "revenue split" basis approved by both the Ohio and Kentucky Commissions prior to the Kentucky Commission's decision in its order of September 9, 1981, requiring Cincinnati Bell to adopt the "usage" method of separation in all future rate proceedings in Kentucky. The "revenue split" separation is applicable only when rates in the state jurisdictions are uniform, and the revenue ratio then reflects the approximate proportions of total plant and expenses required for service in each jurisdiction. Again, uniformity and its revenue split method of separation are consistent with the concept of the CMSA being a single local calling unit rather than the traditional multi-jurisdictional concept.

To refute the Commission's decision regarding the departure from rate uniformity, Cincinnati Bell provided testimony and exhibits during the rehearing process, which demonstrated that in future cases before the Commission, revenue requirements and customer rates would increase significantly (\$4.2 million in additional revenue requirements using 1980 investment and expenses) under the application of usage separation procedures. It is, therefore, the Commission's opinion that it is in the public interest to modify its Order of September 9, 1981, to establish uniform rates with Ohio for service to Kentucky customers in the CMSA and to require Cincinnati Bell to maintain the revenue split separation method for purposes of future rate applications before this Commission.

Regarding the other rehearing issues, the Commission is of the opinion that Cincinnati Bell presented no evidence in the record on rehearing to support its contentions that the Commission had erred in its determination of rate of return and denial of the curtailment adjustment.

IT IS THEREFORE ORDERED that the rates and charges in Appendix A are the fair, just and reasonable rates for Cincinnati Bell to charge its customers for service on and after the date of this Order.

IT IS FURTHER ORDERED that all rates, charges and provisions of the Commission's Order entered September 9, 1981, not specifically changed herein shall remain in full force and effect.

Done at Frankfort, Kentucky, this 14th day of May, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Voth
Chairman

Katherine Bundall
Vice Chairman

Jim Carrigan
Commissioner

ATTEST:

Secretary

Regarding the other rehearing issues, the Commission is of the opinion that Cincinnati Bell presented no evidence in the record on rehearing to support its contentions that the Commission had erred in its determination of rate of return and denial of the curtailment adjustment.

IT IS THEREFORE ORDERED that the rates and charges in Appendix A are the fair, just and reasonable rates for Cincinnati Bell to charge its customers for service on and after the date of this Order.

IT IS FURTHER ORDERED that all rates, charges and provisions of the Commission's Order entered September 9, 1981, not specifically changed herein shall remain in full force and effect.

Done at Frankfort, Kentucky, this 14th day of May, 1982.

By the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8174 DATED MAY 14
1982

The following rates and charges are prescribed for the customers in the area served by Cincinnati Bell, Inc. 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.

EXCHANGE RATE TARIFF
PSCK No. 1

GENERAL REGULATIONS

Basic monthly rates and charges included in Section 2 following, apply to exchange access lines only. For station set or other terminal equipment charges see appropriate sections of the General Exchange Tariff PSCK No. 3.

BASIC MONTHLY EXCHANGE RATES AND CHARGES -
ALL EXCHANGE AREAS

MONTHLY RATES

SCHEDULE 5

Within
Base
Rate Area

Flat Rates

Nonresidence

Individual Line	
Non-Rotary	\$35.80
Rotary	44.75
Trunk Line	44.75
Semi-Public Service	18.75

Residence

Individual Line	12.35
Two-Party Line	9.65

Message Rates

Nonresidence

Individual Line	
Non-Rotray*	18.75
Rotary*	21.50
Hospital Trunk Line Ø	13.80
Hotel Trunk Line Ø	13.80
Trunk Line*	21.50

Residence

Two-Party Line*	6.40
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* Rate includes number of local messages indicated. Each additional local message is \$.11.

Ø Each local message is \$.11.

SCHEDULE 5A

	<u>Within</u>	
	<u>Base</u>	<u>Locality</u>
	<u>Rate Area</u>	<u>Rate Area</u>
<u>Flat Rates</u>		
Nonresidence		
Individual Line		
Non-Rotary	\$37.30	\$38.80
Rotary	46.25	47.75
Trunk Line	46.25	47.75
Semi-Public Service	20.25	21.75
Residence		
Individual Line	13.10	13.85
Two-Party Line	10.40	11.15
<u>Message Rates</u>		
Nonresidence		
Individual Line		
Non-Rotary*	20.25	21.75
Rotary*	23.00	24.50
Hospital Trunk Line Ø	15.30	16.80
Hotel Trunk Line	15.30	16.80
Trunk Line*	23.00	24.50

* Rate includes number of local messages indicated. Each additional local message is \$.11.

Ø Each local message is \$.11.

SCHEDULE 5B

	<u>Within</u>		
	<u>Base</u>	<u>Locality</u>	<u>Rural Rate Area</u>
	<u>Rate Area</u>	<u>Rate Area</u>	<u>Zone A</u>

Flat Rates

Nonresidence

Individual Line

Non-Rotary	\$38.80	\$40.30	\$41.80
Rotary	47.75	49.25	50.75
Trunk Line	47.75	49.25	50.75
Semi-Public Service	21.75	23.25	24.75

Residence

Individual Line	13.85	14.60	15.35
Two-Party Line	11.15	11.90	12.65

Message Rates

Nonresidence

Individual Line

Non-Rotary*	21.75	23.25	24.75
Rotary*	24.50	26.00	27.50
Hospital Trunk Line	16.80	18.30	19.80
Hotel Trunk Line Ø	16.80	18.30	19.80
Trunk Line*	24.50	26.00	27.50

* Rate includes number of local messages indicated. Each additional local message is \$.11.

Ø Each local message is \$.11.

SCHEDULE 6

Within
Base
Rate Area

Flat Rates

Nonresidence

Individual Line	
Non-Rotary	\$37.00
Rotary	46.25
Trunk Line	46.25
Semi-Public Service	19.95

Residence

Individual Line	12.95
Two-Party Line	10.25

Message Rates

Nonresidence

Individual Line	
Non-Rotary*	19.95
Rotary*	23.00
Hospital Trunk Line Ø	15.30
Hotel Trunk Line Ø	15.30
Trunk Line*	23.00

Residence

Two-Party Line*	7.00
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* Rate includes number of local messages indicated. Each additional local message is \$.11.

Ø Each local message is \$.11.

SCHEDULE 6A

	<u>Within</u>	
	<u>Base</u>	<u>Locality</u>
	<u>Rate Area</u>	<u>Rate Area</u>

Flat Rates

Nonresidence

Individual Line

Non-Rotary	\$38.50	\$40.00
Rotary	47.75	49.25
Trunk Line	47.75	49.25
Semi-Public Service	21.45	22.95

Residence

Individual Line	13.70	14.45
Two-Party Line	11.00	11.75

Message Rates

Nonresidence

Individual Line

Non-Rotary*	21.45	22.95
Rotary*	24.50	26.00
Hospital Trunk Line \emptyset	16.80	18.30
Hotel Trunk Line \emptyset	16.80	18.30
Trunk Line*	24.50	26.00

* Rate includes number of local messages indicated. Each additional local message is \$.11.

\emptyset Each local message is \$.11.

SCHEDULE 6B

<u>Base</u> <u>Rate Area</u>	<u>Within</u>	
	<u>Locality</u> <u>Rate Area</u>	<u>Rural Rate Area</u> <u>Zone A</u>

Flat Rates

Nonresidence

Individual Line			
Non-Rotary	\$40.00	\$41.50	\$43.00
Rotary	49.25	50.75	52.25
Trunk Line	49.25	50.75	52.25
Semi-Public Service	22.95	24.45	25.95

Residence

Individual Line	14.45	15.20	15.95
Two-Party Line	11.75	12.50	13.25

Message Rates

Nonresidence

Individual Line			
Non-Rotary*	22.95	24.45	25.95
Rotary*	26.00	27.50	29.00
Hospital Trunk Line ^Ø	18.30	19.80	21.30
Hotel Trunk Line ^Ø	18.30	19.80	21.30
Trunk Line*	26.00	27.50	29.00

* Rate includes number of local messages indicated. Each additional local message is \$.11.

^Ø Each local message is \$.11.

STATION SETS AND EXCHANGE STATION LINES

	<u>Monthly Rate</u>
Standard Style Station Sets	
Keyless Standard Station Set	
Rates and Charges	
Rotary Dial, each	\$ 1.00
TOUCH-TONE Dial, each	2.00
Keyless Station Set With Message Waiting Lamp	
Rates and Charges	
Rotary Dial, each	1.15
TOUCH-TONE Dial, each	2.15
Keyless Station Set With Jack for Operator Set	
Rates and Charges	
Rotary Dial, each	3.40
TOUCH-TONE Dial, each	4.40
Keyless Station Set With Illuminated Dial	
Rates and Charges	
Illuminated dial, only Rotary Dial, each	1.55
Illuminated dial and night light Rotary Dial, each	1.80
One Key Station Set	
Rates and Charges	
Rotary Dial, each	2.45
TOUCH-TONE Dial, each	3.45

	<u>Monthly Rate</u>
Keyless Princess Station Set	
Rates and Charges	
Rotary Dial, each	\$ 2.00
TOUCH-TONE Dial, each	3.00
In lieu of the monthly rate treatment set forth above, keyless Princess Station Sets may be furnished for the following Single Payment Plan Charges.	
	<u>Charge</u>
(a) Rotary Dial, each	\$125.00
(b) TOUCH-TONE Dial, each	185.00
	<u>Monthly Rate</u>
Keyless Princess Station Set With Message Waiting Lamp	
Rates and Charges	
Rotary Dial, each	\$ 2.15
TOUCH-TONE Dial, each	3.15
One Key Princess Station Set	
Rates and Charges	
Rotary Dial, each	3.45
TOUCH-TONE Dial, each	4.45
In lieu of the monthly rate treatment set forth above, one key Princess station sets may be furnished for the following Single Payment Plan Charges.	
	<u>Charge</u>
(a) Rotary Dial, each	\$215.00
(b) TOUCH-TONE Dial, each	275.00

Monthly
Rate

Keyless TRIMLINE Station Set

Rates and Charges

Rotary Dial, each	\$ 2.50
TOUCH-TONE Dial, each	3.50

In lieu of the monthly rate treatment set forth above, keyless TRIMLINE station sets may be furnished for the following Single Payment Plan Charges.

Charge

Rotary Dial, each	\$140.00
TOUCH-TONE Dial, each	195.00

Monthly
Rate

Keyless Panel Station Set

Rates and Charges

Rotary Dial, each	\$ 1.00
TOUCH-TONE Dial, each	2.00

One Key Panel Station Set

Rates and Charges

Rotary Dial, each	2.45
TOUCH-TONE Dial, each	3.45

CENTREX SERVICE

	<u>Exchange Access</u>		
	<u>Initial</u>	<u>Monthly Rate, Per Line</u>	
<u>Charge</u>	<u>Schedule I</u>	<u>Schedule II</u>	
Centrex System Lines			
Centrex Type I			
Primary location--when switching equipment is located on premises of the customer:			
Centrex service lines			
First 100, each	-	\$ 6.80	\$ 5.15
Next 100, each	-	6.80	5.15
Next 700, each	-	5.55	4.10
Over 900, each	-	3.40	2.50
Secondary location--when switching equipment is located on premises of the customer:			
Centrex service lines			
First 50, each	-	6.75	4.95
Next 250, each	-	6.75	4.95
Next 600, each	-	5.55	4.10
Over 900, each	-	3.40	2.50
Primary location--when switching equipment is located on the Telephone Company premises:			
Centrex service lines			
First 100, each	-	6.80	5.15
Next 100, each	-	6.80	5.15
Next 700, each	-	5.55	4.10
Over 900, each	-	3.40	2.50
Secondary location--when switching equipment is located on the Telephone Company premises:			
Centrex service lines			
First 50, each	-	6.75	4.95
Next 250, each	-	6.75	4.95
Next 600, each	-	5.55	4.10
Over 900, each	-	3.40	2.50

Centrex System Lines (Cont'd)

<u>Initial</u> <u>Charge</u>	<u>Exchange Access</u>	
	<u>Monthly Rate, Per Line</u>	
	<u>Schedule I</u>	<u>Schedule II</u>

Centrex Type II

Primary location--when switching equipment is located on premises of the customer:

Centrex service lines

First 100, each	-	\$ 6.80	\$ 5.15
Next 100, each	-	6.80	5.15
Next 700, each	-	5.55	4.10
Over 900, each	-	3.40	2.50

Secondary location--when switching equipment is located on premises of the customer:

Centrex service lines

First 50, each	-	6.75	4.95
Next 250, each	-	6.75	4.95
Next 600, each	-	5.55	4.10
Over 900, each	-	3.40	2.50

Primary location--when switching equipment is located on Telephone Company premises:

Centrex service line

First 100, each	-	6.80	5.15
Next 100, each	-	6.80	5.15
Next 700, each	-	5.55	4.10
Over 900, each	-	3.40	2.50

Note: Whenever the customer subscribes to less than 100 Centrex service lines at the primary location, a Common Equipment minimum charge of \$57.00 per month is applicable. The customer is entitled to any lower rate available under alternate calculations of this tariff. That is, billing may be for 100 Centrex service lines without application of the \$57.00 Common Equipment charge, or for the actual number of Centrex service lines provided plus, if applicable, the Common Equipment charge, whichever is less, regardless of the actual number of Centrex service lines furnished.

Centrex System Lines (Cont'd)

Centrex Type II (Cont'd)

Secondary location--when switching
equipment is located on the
Telephone Company premises:

Centrex service lines

		<u>Exchange Access</u>	
	<u>Initial</u>	<u>Monthly Rate, Per Line</u>	
	<u>Charge</u>	<u>Schedule I</u>	<u>Schedule II</u>
First 50, each	-	\$ 6.75	\$ 4.95
Next 250, each	-	6.75	4.95
Next 600, each	-	5.55	4.10
Over 900, each	-	3.40	2.50

Exchange Access, per tie line terminal,
terminating arrangements, dial service
charge, access line, or facility
terminated

Schedule I, Flat Rate \$22.40

Schedule II, Flat Rate \$15.60

AIRPORT SERVICE

	<u>Initial Charge</u>	<u>Monthly Rate</u>
Airport Telephone Service system lines, jacks, and station sets		
Unrestricted or semi-restricted service lines, each	\$ 10.00	
Exchange Access		\$ 11.05
Intercommunication		29.55
Tie Lines and Terminating Arrangements		
Exchange access, per tie line terminal, terminating arrangement, dial service charge, access line, or facility terminated	-	22.40

MOBILE TELEPHONE SERVICE

Flat Rate Service

At the option of the customer, the primary radio equipment may be provided and maintained by the customer. The monthly service charge per customer-provided mobile station is \$36.15 including one directory listing and unlimited calling as specified above.

Message Rate Service

The minimum monthly service charge for mobile stations is as follows:

	<u>Monthly Rate</u>
Radio link, each station	\$24.00
Wire line, each station	18.75
Dispatching Service	
Radio link, each station	24.00
Wire line, each station	18.75