COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF SOUTH CENTRAL BELL TELEPHONE COMPANY OF AN ADJUSTMENT IN ITS INTRASTATE RATES AND CHARGES	))))	CASE NO. 8467

O R D E R

PROCEDURAL BACKGROUND

On April 23, 1982, South Central Bell Telephone Company ("Bell") filed its notice with the Commission proposing to increase its intrastate telephone rates and charges to produce an increase in revenues of approximately $66,108,000 annually effective for telephone service rendered on and after May 13, 1982. The Commission suspended the proposed rates and charges for a period of 5 months on and after the effective date.

Bell also filed a motion requesting interim rates and charges to produce an increase in annual revenues of approximately $15,095,000. After consideration of this motion, the Commission issued an Order on May 13, 1982, which denied interim rate relief and found that revenue requirements should be determined following a full investigation. A public meeting was held August 19, 1982, at the Old Jefferson County Courthouse in Louisville, Kentucky. Public hearings were held in the Commission's offices in Frankfort, Kentucky, on August 23-27, 1982.

Parties intervening in this matter included the Attorney General's Consumer Protection Division ("AG"); the City of Louisville and the Jefferson County Attorney's Office ("Louisville/ Jefferson Co."); the Commonwealth of Kentucky's Department of Finance ("Finance"); the Kentucky Telephone Answering Service Committee ("KTASC"); the United States Department of Defense representing the Federal Executive Agencies ("DOD"); the Concerned Citizens and Businessmen of Central Kentucky, Inc.; the Tri-County Consumer's Association; and Dr. Charles Teague, representing himself.

The Commission received numerous petitions and statements from individual customers and various consumer groups in Bell's service area. The Commission is pleased with the public response in this matter and has reviewed these comments carefully.

Briefs were filed with the Commission by September 13, 1982, and all information requested during the hearings has been filed.

This Order addresses the Commission's findings and determinations on issues presented and disclosed in the hearings and investigation of Bell's revenue requirements and rate design and provides rates and charges that will produce an increase in annual revenues of $14,473,000.

ANALYSIS AND DETERMINATION

Test Period

The Commission is aware of the changing enviroment in which Bell operates and realizes that changes in Bell's operations are forthcoming. However, Bell contended in its application and testimony that neither the recent modification of the consent decree between American Telephone and Telegraph Company ("AT&T") and the Justice Department nor the requirements under the Computer II Inquiry of the Federal Communications Commission ("FCC") should be considerations in this proceeding. The Commission accepts Bell's reasoning and has considered this case as "business as usual" and has accepted Bell's proposal of the 12 months ending January 31, 1982, as the test period in this matter. We do, however, expect Bell to consider, plan for and fully reveal in its next general rate case the changes in operations and impact on the consumers resulting from the new operating environment.

Valuation Methods

Net Investment

Bell proposed a Kentucky intrastate net investment rate base at January 31, 1982, of $948,675,000.[1] The Commission has accepted the proposed rate base with several exceptions. Accumulated deferred income taxes of $119,831,000[2] and 3 percent unamortized investment tax credits of $1,109,000[3] have been deducted from Bell's rate base as both items represent income taxes which have previously been included in Bell's cost of service but will not be paid to the taxing authorities until some future time period. Bell's proposed rate base has been increased by $437,000[4] to reflect the amortization of surplus accumulated deferred federal income taxes which will be discussed in a subsequent section of this Order. The Commission has rejected Bell's inclusion of "cash requirements" of $2,419,000 (5) and has reduced Bell's rate base by that amount, as local service is billed in advance of service rendered (6) and Bell has provided no substantive evidence to demonstrate its investment or capital needs for funds to support its daily operations. Finally, the Commission has reduced Bell's proposed rate base to reflect increased depreciation on end-of-period plant in service and from the implementation of the equal life group depreciation methodology. These adjustments are $3,591,000 and $932,000, respectively.

The Commission has, therefore, determined Bell's Kentucky intrastate net investment rate base at January 31, 1982, to be $821,230,000, as follows:

Total Plant In Service	$ 1,096,474,000
Telephone Plant Under Construction	23,444,000
Property Held for Future Use	274,000
Materials and Supplies	9,924,000
Subtotal	$ 1,130,116,000
Less:	
Depreciation Reserve	$ 188,383,000
Accumulated Deferred Income Taxes	119,394,000
Unamortized Investment Credit - Pre JDIC	1,109,000
Subtotal	$ 308,886,000
Net Investment Rate Base	$ 821,230,000

Capital

Bell reported capital, including unamortized job development investment tax credit ("JDIC"), allocated to Kentucky intrastate operations of $821,110,000. (7) This allocation is based on the ratio of Bell's proposed Kentucky intrastate net investment rate base to its total company net investment rate base. As the Commission's determination of the appropriate composition of the Kentucky intrastate net investment rate base differs from Bell's proposal, the allocation of capital also differs. Therefore, the Commission has determined that the appropriate assignment of capital, including JDIC, to Bell's Kentucky intrastate operations is $816,100,000.[8]

Operating Revenues And Expenses

For the test period ending January 31, 1982, Bell had Kentucky intrastate net operating income of $72,479,000.[9] Bell proposed several pro forma adjustments to operating income to normalize the effect of changes occurring during the test period. These adjustments increased Bell's net operating income to $83,103,000.[10] Moreover, Bell proposed pro forma adjustments for estimated wage, salary and depreciation expense changes to occur during 1982, but subsequent to the end of the test period. These adjustments reduced net operating income to $75,442,000.[11]

Many of Bell's adjustments were determined using preliminary economic projections and forecasts. At the request of the Commission, Bell modified several of its adjustments to update the preliminary data for known changes. Bell's total modifications increased its adjusted net operating income to $76,725,000 or an increase of $1,283,000 as follows:

a)	Communication Workers of America Contract effective August 9, 1981	$ 21,000	(12)
b)	Communication Workers of America Contract Effective August 8, 1982	607,000	(13)
c)	Management Salary Plans Effective March 1, 1982, April 1, 1982 and October 1, 1982	655,000	(14)
		$1,283,000	

The Commission has determined that the appropriate level of net operating income is $85,921,000, based on expected normal operating conditions.

In its analysis of Bell's operations, the Comission has accepted the majority of Bell's proposed pro forma adjustments, which included the normalization of revenues to reflect the rates prescribed by the Commission in Bell's most recent rate case and adjustments to expenses for test period and expected wage, salary and related employee payroll and benefit increases. Moreover, the Commission has considered the following issues in its analysis of Bell's proposed net operating income:

End-of-Period Methodology

In accordance with past practice, Bell proposed to adjust its test period income to an end-of-period level to match the level of income it could expect to earn given capital investment at January 31, 1982. Bell applied a factor to income which assumed that the number of income producing units at January 31, 1982, was in service during the entire year and that these units earned at the same rate as those actually in existence during the period. Bell considers the total number of main stations, P.B.X. trunks and Centrex main stations to be the number of income producing units. The factor applied to income represents the end-of-period number of units divided by the average test period number of units.(15)

During cross-examination Bell's Assistant Chief Accountant, Mr. Ballard, testified that this method does not achieve perfect results(16) and that application of the end-of-period factor could seriously distort the relationship between operating income and capitalization.(17) Mr. Ballard moreover responded that no direct relationship between Bell's income producing units and toll revenue, wages or depreciation could be quantified.

The Commission is therefore of the opinion that Bell's methodology is inappropriate and should be rejected and has thus increased Bell's adjusted net operating income by $460,000.(18) In subsequent adjustments, the Commission has reflected actual volumes at January 31, 1982, in Bell's primary revenue and expense categories.

End-of-Period Salaries, Wages and Wage-Related Expenses

For the test period, Bell expensed approximately $117,932,000(19) in wages and salaries. Bell proposed numerous wage and salary adjustments to normalize increases occurring during the test period. These adjustments resulted in intrastate wage and salary expense of $124,821,000(20) prior to increases occurring outside the test period.

At the Commission's request, Bell provided a schedule of salaries and wages expensed based on salary and wage rates and the number of persons employed at January 31, 1982.(21) The Commission accepts this schedule with the exception of the overtime and premium pay factor ("overtime factor") used by Bell in its calculation.

Bell used an overtime factor of 14.47 percent in its calculation of union wage expense. This number was derived and explained as follows:

> This factor is based on a study made prior to each contract [Communication Workers of America contract] negotiation and covers four randomly selected weeks out of each quarter for a total of 16 weeks of the study year. The most recent study covered the year 1979 and produced a factor of .1752; however, this was weighted with factors of .1311 and .1278 for years 1978 and 1977, respectively. The average of the three factors equates to the .1447 factor. The use of this method tends to level out fluctuations that occur from month-to-month and/or year-to-year and is more representative than data for one specific period.(22)

The Commission is of the opinion that this outdated information is clearly inappropriate and particularly inconsistent when compared with the direct testimony of Mr. Dickson, Bell's Vice President of Kentucky Operations, which boasts of the reduction in overtime during the test period.(23)

Bell was given numerous opportunities to adjust its overtime factor to reflect test period experience or expected operating conditions. No change was proposed. Thus, the Commission has analyzed overtime to determine an appropriate factor. This analysis has revealed that overtime has indeed steadily decreased from 1979 through April 1982.

The Commission's findings are as follows:

	Overtime Factor %(24)
1979	10.92
1980	7.26
1981	6.37
Test Period	6.22
January, February, March, April, 1982	4.87

The factors cited by Bell for 1977, 1978, and 1979 were based on union wages only. The Commission factors are based on total wages and salaries and are thus not directly comparable to Bell's exhibit; however, the downward trend is apparent. Based on this downward trend, the Commission is of the opinion that the test period overtime factor of 6.22 percent is reasonable and appropriate to use in this proceeding. This factor equates to 9.85 percent on union wages only.(25) Applying the 9.85 percent to the union portion of salaries and wages, the Commission has recalculated total intrastate salaries and wages expense to be $121,959,000 or an increase in operating income of $1,453,000.(26)

For the test period, Bell had relief and pensions expense of $26,624,000.(27) Bell proposed numerous normalization adjustments which increased this expense to $29,222,000.(28) Relief and pensions expense based on January 31, 1982, wages and salaries annualized was $28,397,000.(29) The Commission has therefore increased net operating income by $318,000[30] to reflect the appropriate amount of this expense.

Intrastate social security and unemployment compensation taxes ("payroll taxes") for the test period were $8,075,000.[31] Bell proposed normalization adjustments which increased payroll taxes to $8,823,000.[32] Based on January 31, 1982, salaries and wages annualized, payroll taxes were $8,546,000.[33] Therefore, the Commission has increased adjusted net operating income by $109,000[34] to reflect the appropriate level of payroll taxes.

In summary the Commission has increased adjusted operating income by $1,880,000 for end-of-period salaries, wages and wage-related expenses.

<u>End-of-Period Depreciation Expense</u>

Bell's intrastate depreciation expense based on plant in service at January 31, 1982, was $67,888,000.[35] Intrastate depreciation expense booked during the test period was $65,396,000.[36] However, as a result of Bell's represcription process, test period depreciation expense was overstated by $456,000 for whole life represcription and $643,000 for remaining life represcription booked during the test period but applicable to periods prior to the test period.[37] Therefore, the Commission has decreased adjusted intrastate net operating income by $1,823,000 to reflect depreciation applicable to plant in service at January 31, 1982.[38]

End-of-Period Local Service Revenue

Bell reported local service revenue of $269,276,000 for the test period.(39) Bell proposed numerous adjustments to normalize local service revenue for tariff changes occurring during the test period which increased local service revenue to $305,033,000.(40) Local service revenue based on units in service at January 31, 1982, was $303,441,000.(41) The Commission, in examining the support for this figure, found that the directory assistance portion of local service revenue was determined by annualizing directory assistance revenue for the month of January 1982 or revenues of $1,826,000. Further examination showed directory assistance revenue for January to be abnormally high. Thus, the Commission is of the opinion that actual directory assistance revenue for the test period of $1,343,000(42) is more representative of expected directory assistance local service revenue. Consequently, the Commission reduced end-of-period revenue by $483,000 to $302,958,000. Therefore, the Commission decreased adjusted net operating income by $1,047,000(43) to reflect expected revenue to be derived from the number of revenue producing units in service at January 31, 1982.

End-of-Period Interest During Construction

At January 31, 1982, Bell had construction work in progress ("CWIP") of $23,444,000,(44) approximately $10,416,000(45) of which was long-term CWIP on which interest during construction ("IDC") is applied. As the purpose of IDC is to match cost and benefit, it is unfair to require Bell's ratepayers to pay a current cash return on plant not used and useful. Therefore, the Commission has adjusted Bell's actual IDC capitalized during the test period of $775,000 (46) by $415,000 for total IDC of $1,190,000 (47) which reflects the application of the overall cost of capital found fair, just and reasonable herein to the January 31, 1982, balance in long-term CWIP. This adjustment increases Bell's adjusted operating income by $415,000.

Tax Effect of Increased Debt Charges

Bell had Kentucky intrastate debt charges for the test period of approximately $27,755,000. (48) The amount of debt charges provided for herein is $33,750,000, a difference of $5,995,000. The income tax reduction of this differential is approximately $2,952,000, which the Commission finds is the appropriate adjustment to net operating income.

Institutional Advertising

Under the Commission's regulation (807 KAR 5:016), institutional advertising expenses or expenses for advertising made to strengthen corporate image are not valid expenses for the ratepayer to bear. Bell presented no evidence that its institutional advertising provided benefit to its ratepayers and the Commission has made an adjustment to eliminate these expenses of $59,606 (49) which increases net operating income by $30,000. (50)

Lobbying Expenses

In prior cases, the Commission has established its policy regarding lobbying expenses. It is the Commission's opinion that lobbying expenses are of no benefit to a company's ratepayers.

In response to a Commission request, Bell stated that it had two registered lobbyists working during sessions of the Kentucky General Assembly. The lobbyists' primary duties are to monitor prospective legislation and to work with legislators and others to see that legislation reflects the best interests of Bell. Bell, whose total Kentucky intrastate revenues for the test period exceeded $400 million, reported lobbying expenses of less than $2,000[51] for the test period.

At the hearing, the Commission asked Bell to provide an analysis of wages and expenses applicable to its two registered lobbyists. Bell reported these expenditures to be approximately $107,000.[52] Bell stated that only a fraction of the time of its two registered lobbyists was spent in connection with lobbying activities. However, Bell did not quantify the portion of the $107,000 associated with duties other than lobbying activities nor did it explain what these duties were. Therefore, as Bell did not meet its burden of proof, the Commission will disallow the entire expenditures applicable to the two lobbyists. This results in an increase in net operating income of $54,000.[53]

Miscellaneous Income Charges

Bell proposed to reduce its net operating income by approximately $97,000[54] to reflect miscellaneous income charges as an operating expense for rate-making purposes. The Commission does not recognize these miscellaneous charges as operating expense items and has rejected this adjustment for rate-making purposes.

Corporate and Community Affairs Expense

In its Order in Case No. 8150, Bell's previous rate case, the Commission found that Bell had failed to justify the need for and cost of certain functions of the Corporate and Community Affairs Department. Moreover, the Commission placed Bell on notice that it was dissatisfied with Bell's responses to requests for information concerning this department and that a detailed analysis of both cost and benefit to the ratepayers would be required in its next rate proceeding.

Despite the Commission's notice and admonition, expenditures of the Corporate and Community Affairs Department continued to grow substantially from $1,071,000 during the test period in Case No. 8150 to $1,199,000 [55] during the test period in this case. Moreover, the Commission is of the opinion that Bell provided insufficient documentation of the expenses and the resulting benefit to the ratepayers of this department. Therefore, the Commission is of the opinion that expenditures found reasonable for the Corporate and Community Affairs Department in Case No. 8150 should be adjusted only for the growth in inflation occurring since the end of the test period in that case. Thus, the Commission has determined that the reasonable level of expenditures for this department to be included in Bell's operations is $839,000, [56] a reduction of approximately $360,000 from the test period level. This reduction results in an increase to net operating income of $183,000. [57]

Again, the Commission places Bell on notice that this treatment will be afforded the expenditures of the Corporate and Community Affairs Department until Bell satisfactorily complies with the Commission's requirements on page 15 of its Order in Case No. 8150 entered August 11, 1981.

Accelerated Recovery of Excess Tax Deferrals

Effective January 1, 1979, the maximum corporate tax rate was reduced from 48 to 46 percent. This tax rate reduction poses the question of proper accounting of the taxes deferred prior to 1979 at 48 percent which are no longer a future liability.

Mr. Rhodes, witness for Louisville/Jefferson Co. and the AG, recommended that the Commission credit surplus deferred taxes to the cost of service over a 5-year period.[58] Bell had been amortizing the surplus deferred taxes over the composite life of the assets from which the original deferral was generated[59] and considered this approach to be the proper accounting treatment.

As it has done in other recent cases,[60] the Commission will amortize excess deferred taxes over 5 years for rate-making purposes to better insure that the surplus is credited to the ratepayers who originally paid the taxes at 48 percent.

Bell reported surplus deferred federal income taxes at January 31, 1982, of $2,186,000.[61] Amortizing this difference over 5 years results in an annual reduction in income tax expense of $437,000. A corollary adjustment has been made to reduce accumulated deferred taxes to recognize the first year's amortization, thus increasing the rate base as noted earlier in this

Order. In lieu of adjusting Bell's capitalization, the Commission has increased net operating income requirements by $50,000 to reflect the overall cost of capital found reasonable in this Order. Thus, the net effect of this rate-making treatment for surplus deferred taxes is an increase to net operating income of $387,000.(62)

Employee Concession Service

In accordance with its findings in Bell's last two rate cases (Case Nos. 8150 and 7774) and other cases, the Commission has adjusted Bell's operating revenues to include the effect of estimated additional revenues available to Bell in the absence of employee discounts on local and intrastate toll service of $1,325,000 and $485,000, respectively.(63) The inclusion of these revenues results in an increase to net operating income of $913,000.(64) Bell challenged this adjustment, maintaining that "it is virtually impossible for an employer to discontinue a benefit of such long standing without compensating its personnel in an amount equal to the benefit received by the employees on an <u>after-tax</u> basis."(65) Even though employee concession service may be regarded as an employee benefit by Bell and its employess, Bell has not demonstrated that the concession service is considered in its wage negotiations with its employees' union nor that it is a factor in management's determination of non-union wages.

Furthermore, Bell did not include concessions of approximately $221,460(66) provided employees of other telephone companies for local and intrastate toll service accounted for in test period operating expenses. During cross-examination, Mr. Ballard stated that the only difference between concessions offered its own employees and concessions offered employees of other telephone companies is accounting treatment.[67] The Commission is of the opinion that expenses incurred by Bell in granting concessions to employees of other telephone companies are improper for ratepayers to bear. Therefore, the Commission has increased adjusted net operating income by $112,000.[68]

License Contract Expenses

During the test period in Case No. 8150, Bell had license contract expenses of $8,042,000. During the test period in this case, 13 months later, Bell incurred license contract expenses of $8,460,000.

In its Order in Case No. 8150, entered August 11, 1981, the Commission discussed Bell's license contract and its burden of proof in its next rate proceeding as follows:

> Mr. Rhodes also proposed a reduction of approximately $3,000,000 to Bell's test year expenses billed under its license contract agreement with its parent company, American Telephone and Telegraph Company, Inc. ("AT&T"). Mr. Rhodes' concern and the basis for his adjustment was that AT&T's costs have been accelerating at a much faster than average growth rate both in terms of historical real growth and inflationary growth, since 1974. Prior to 1974, AT&T charged each operating subsidiary a flat one percent of its gross revenues for the centralized administrative and research services provided under the contract. From October 1974 to the present, AT&T has billed each subsidiary its allocated share of the costs under the license contract.

> Bell challenged Mr. Rhodes on this issue on the basis that "Mr. Rhodes made no studies concerning the benefits South Central receives under the Contract, the availability of these services from other suppliers, or the cost to South Central of attempting to perform these activities in-house." Moreover, Bell, through its various witnesses, attempted to show, as it describes in its brief, that it gets its money's worth on the services furnished pursuant to the License Contract.
>
> The Commission will not accept Mr. Rhodes' adjustment at this time. <u>However, the Commission is concerned with the rapid acceleration in the license contract expense. In short, the Commission serves notice to Bell that in future rate proceedings, as the burden of proof lies with the company and not the intervenor, it expects to see studies and analyses of the specific contract costs that show tangible evidence of both the necessity to the Kentucky ratepayer of the services provided under the license contract and the reasonableness and tangible cost-benefit relationship of these individual expenses.</u> (Emphasis added, footnotes omitted.)(69)

The Commission has carefully examined Bell's testimony and exhibits filed to comply with the Commission's notice and is of the opinion that Bell has failed to meet the requirements established above.

Of the over 600 services provided through the license contract, Bell selected only 7 items for which it provided evidence of the necessity to the Kentucky ratepayer and the reasonableness and tangible cost-benefit relationship.(70) This very limited analysis meets neither the requirements nor the intent of the Commission's notice. Moreover, the "value study" prepared by Bell to prove its internal use of the individual license contract items is, in the Commission's opinion, at best an inadequate management control procedure. The value study is distributed annually to Bell employees who are asked to state whether they used license contract services. No documentation of use of license contract services is required, nor are the employees asked to state the frequency of use, any duplication of Bell's internal services, the relative benefits derived or any other proof of "tangible" value. The Commission is concerned that a company with the resources and expertise of Bell would rely for management control on nebulous responses regarding services that in Kentucky alone cost more than $8 million dollars during the test period without some additional controls or verification procedures to justify the study results. The Commission must conclude that this results from the relationship between Bell and its parent and provider of the services, AT&T.

The Commission is of the opinion that Bell has failed to meet its burden of proof regarding its test period license contract expenses and we have therefore denied all such expenses. This will increase Bell's net operating income by $4,294,000.(71)

Wage Contract Changes Effective August 8, 1982

As discussed earlier in this Order, the Commission rejected Bell's use of an overtime factor of 14.47 percent and substituted the test period factor of 9.85 percent. Correspondingly, the Commission has adjusted Bell's proposed wage contract changes effective August 8, 1982, to reflect the 9.85 percent overtime factor. This results in an increase in Bell's adjusted net operating income of $136,000.(72)

Equal Life Group Depreciation

Bell proposed to reflect the implementation of equal life group depreciation ("ELG") for outside plant and central office equipment during 1982 which reduced its adjusted net operating income by $626,000. The Commission takes notice of correspondence dated May 6 and August 13, 1982, between the FCC and Bell regarding these proposed depreciation changes.

In its letter of May 6, the FCC permitted Bell to apply ELG rates on outside plant on an interim basis which would increase depreciation expense by $318,000 annually. However, the FCC further stated that absent additional convincing material, it would likely deny Bell's request for prescription of ELG rates for aerial wire of $42,000, a net increase of $276,000. This represents a reduction of $110,000 from the level proposed in this case. Further, in its letter of August 13 regarding the implementation of ELG depreciation rates on central office equipment, the FCC approved an annual charge for depreciation on central office equipment of $1,338,000, a reduction of $400,000 from the level proposed in this case. Thus, the Commission has increased Bell's proposed net operating income by $44,000[73] and $109,000[74] respectively, to reflect the FCC's changes.

Rate of Return

Capital Structure

Bell proposed and the Commission has accepted the theoretical capital structure of 55 percent equity and 45 percent debt. This capital structure is the objective or target structure set by management and reflects Bell's affiliation with the AT&T system. Mr. Langsam and Dr. Johnson, witnesses for the DOD and the AG respectively, argued that use of the proposed objective capital structure would be unduly expensive for ratepayers.(75) Mr. Langsam stated that as long as the cost of equity is higher than the embedded cost of debt, a capital structure that contains more equity than necessary will not result in rates at the lowest possible level consistent with maintaining confidence in the company's financial integrity and allowing it to attract capital at reasonable terms and conditions.(76) Dr. Johnson stated that the objective capital structure provided less leverage than is normal for public utilities.(77) An unusually low degree of leverage results in a higher overall cost of capital and a higher level of income tax expense(78) because interest on fixed-income securities is tax deductible. The Commission has recognized that a 55 percent equity ratio is conservative for a utility and contains comparatively less financial risk than a capital structure employing a higher level of debt. Therefore, the Commission has given due consideration to the lower level of financial risk in its determination of the allowed return on common equity.

Cost of Debt

The embedded cost of long-term debt at January 31, 1982, was 8.66 percent.(79) Bell proposed to adjust its embedded cost to reflect a $150 million bond issue scheduled for 1982 and a forecasted balance of $300 million of short-term debt. Bell's

Vice President of Revenue Requirements, Mr. Matheson, stated that Bell would not be issuing any new long-term debt [80] but would increase its use of short-term debt. [81] However, Mr. Matheson did not quantify this additional amount of short-term debt, other than to say his guess was that short-term money use would far exceed his $300 million estimate. [82] Therefore, the Commission is of the opinion that the requested debt cost adjustment in the amount of $450 million should be rejected because it is neither known nor measurable. Instead of the forecasted amount of short-term debt, the Commission will use the amount outstanding at the end of the test period, [83] $315.6 million, in determining the appropriate level of short-term debt to be included in the capital structure.

Mr. Matheson used a range of short-term rates, from 12 percent to 18 percent, to calculate Bell's overall cost of debt. [84] Mr. Langsam and Dr. Johnson recommended short-term debt cost rates of 14.92 percent [85] and 14 percent, [86] respectively. The Commission is of the opinion that a short-term debt cost of 13.5 percent is reasonable in that it is within the range of the witnesses' recommendations and reflects the average of the past 12 months' interest rates on 90-day commercial paper of 13.43 percent. [87]

Therefore, the Commission finds that an overall debt cost of 9.19 percent, which is based on an 8.66 percent cost of long-term debt, a 13.5 percent cost of short-term debt and actual end-of-period proportions of short and long-term debt, is fair, just and reasonable.

Cost of Equity

Bell had three witnesses who presented testimony on rate of return on common equity. These witnesses were Mr. Matheson, Mr. Todd, the President of Todd Investment Advisors, an investment counseling firm, and Mr. Prior, Vice President in the utility corporate finance department of Kidder, Peabody and Company, Inc. Mr. Todd and Mr. Matheson proposed rates of return on common equity in the range of 16 percent to 18 percent.[88] Mr. Prior also testified in favor of this requested range.[89] Dr. Johnson recommended a rate of return on common equity in the range of 11.65 percent to 14.51 percent[90] based on Bell's actual end-of-period capital structure while Mr. Langsam recommended a range of returns of 13.5 percent to 15 percent[91] based on a capital structure with 50 percent equity. Having reviewed the testimony of the witnesses and taken notice of current conditions in financial markets, the Commission is of the opinion that a range of returns on equity of 12.5 percent to 14 percent is fair, just and reasonable. The Commission has determined that a return on equity in this range would not only allow Bell to attract capital at reasonable costs to insure continued service and provide for necessary expansion to meet future requirements, but would also provide for the lowest possible cost to the ratepayer. Within this range of returns, the Commission finds that a return on common equity of 13.25 percent will allow Bell to meet its operating expenses and best attain the aforementioned objectives. This return will be used to determine the appropriate level of revenue requirements.

Rate of Return Summary

Applying a cost of common equity of 13.25 percent to the equity component and a 9.19 percent cost of debt to the debt component approved herein produces a weighted cost of capital of 11.42 percent. This cost of capital then produces a rate of return on Bell's net investment rate base of 11.35 percent, which the Commission finds is fair, just and reasonable compensation for the service Bell renders to its customers.

Net Profit Margin Formula

Concerned Citizens and Businessmen of Central Kentucky, Inc., submitted testimony from its president, Mr. Don Wiggins, in this proceeding. The purpose of Mr. Wiggins' testimony was to present an alternative rate-making method, "the net profit margin formula," for the Commission to use in the determination of revenue requirements in lieu of its traditional method employing a return on net investment.

Mr. Wiggins stated that in his opinion the traditional rate-making formula does not provide incentive for a company to save money, cut expenses, or manage more efficiently. Mr. Wiggins proposed that the Commission adopt the net profit margin formula but did not specify a particular net profit margin nor a range of net profit margins he considered appropriate for Bell. He also proposed that in the future the net profit margin formula be used in the establishment of rates for all utilities with gross revenues in excess of $30 million. To implement his proposal, a committee should be established to select at least 32 and not more than 48

U.S. corporations from different competitive industries. The Commission would then use the average net profit margin of those selected corporations to determine revenue requirements and establish rates. Mr. Wiggins made a comparison between Bell's 1981 net profit margin and the average net profit margin of 15 U.S. corporations selected at random from Value Line Investment Survey. Bell's net profit margin for 1981 was approximately 13 percent. The average of the 15 U.S. corporations was 5.4 percent. It is on this basis alone that he claims Bell's revenues are too high.

Pursuant to KRS 278.290, the Commission has no objection to any valuation method or procedure that produces fair, just and reasonable results. However, Mr. Wiggins' proposal to use the average net profit margin of a variety of companies in different industries is inappropriate and would likely produce confiscatory rates that would jeopardize utility operations.

The utility industry is a highly capital-intensive industry, which means that large investments in plant are required to build a combination of assets necessary to provide service. This can be measured by a financial ratio termed "sales to assets turnover" which in a capital-intensive company is, by definition, very low and is not present to the same degree in the majority of other industries from which Mr. Wiggins states comparisons should be drawn. For example, the 1981 sales to assets turnover ratios for the following two utilities and two of Mr. Wiggins' comparison companies are as follows:

	Sales/Assets
Bell	.42
American Electric Power	.36
Reynolds Industries	1.44
Armco	1.45

This clearly shows that inter-industry comparisons can produce wide variations. Therefore, Mr. Wiggins' proposal is inappropriate without further financial analysis including a review of capital, the sources of capital and the associated risk, especially the risk of equity capital.

Bell earned 12.4 percent return on equity in 1981. The average 1981 return on equity earned by the 15 corporations used in Mr. Wiggins' analysis, calculated from the March 15, 1982, Business Week survey, was 14 percent. Had the regulatory commissions reduced Bell's net profit margin to 5.4 percent, Bell would have earned a return on equity of approximately 5 percent. We believe this return is inadequate on its face. Obviously, this situation, if continued over a period of time, would be detrimental to the ratepayer and would result in higher rates as the risk of utility operations increases.

The Commission, as it has expressed on many occasions, is gravely concerned with increasing utility bills, utility management efficiency and appropriate utility performance incentives and agrees with Mr. Wiggins' concerns. However, the Commission is of the opinion that its traditional methods serve the public interest better than Mr. Wiggins' proposed use of the net profit margin formula.

Authorized Increase

The additional revenue required, based on the rate of return found fair herein, is $14,473,000, determined as follows:

Adjusted Net Operating Income	$85,921,000
Net Operating Income Found Reasonable	93,223,000
Deficiency	$ 7,302,000
Deficiency Adjusted for Taxes and Uncollectibles	(92) $14,473,000

Repression

The Commission has addressed the issue of repression in several cases involving both electric and telephone utilities. In this case, Bell seeks a $6.43 million adjustment to its revenues. The adjustment combines the effects of repression and the resulting cost savings. The Commission has determined that a repression adjustment in this case, and in general, is inappropriate.

In an inflationary period, all firms, regulated and unregulated, face the dilemma of whether to raise prices and risk losing sales or to maintain prices and squeeze costs to maintain profit margins. The Commission sees no reason to transfer this risk from a company's stockholders to its ratepayers, which the allowance of the repression adjustment would do. This risk should be borne by the stockholders. Prudent management should protect stockholders by maintaining prices as low as possible and squeezing costs rather than seeking additional revenues from this Commission to protect stockholders from this risk. Therefore, the repression adjustment of $6.43 million in additional revenues requested by Bell has not been allowed.

Rate Design

The Flat Rate Schedule

The major rate design issue in this case concerned Bell's proposal to restructure the basic local exchange service flat rate schedule from the 17 rate groups to 2 rate groups. Bell's proposal would assign the Louisville exchange to one rate group and all other exchanges in the Commonwealth to another rate group. Exchanges are assigned to rate groups on the basis of the total number of main station lines and trunk equivalents.

Bell submitted an access line cost study which purported to support its proposal to restructure the flat rate schedule. The study was based on a random sample of 1,200 access lines in Bell's service area. Study results were developed on the basis of wire center size and base rate area location, neither of which is directly related to the current or proposed exchange rate schedule. The study could be used to support a schedule with virtually any combination of rate groups. Although some information was available on a rate group basis, other critical information was not, such as the local loop cost, which is the most significant and variable cost component of telephone service. Furthermore, the study tends to overstate cost of service as a result of the inclusion of outside base rate area mileage-sensitive costs and the failure to allocate joint service costs.

The impact on individual exchanges under Bell's proposal was extremely uneven. For example, residence individual line increases ranged from 35 percent in Louisville to 72 percent in areas such as Bardstown, Danville, and Georgetown while the comparable business individual line increases ranged from 17 percent to 71 percent.

After careful consideration, the Commission is of the opinion that the proposed restructuring of basic local exchange service is not in the public interest and should be denied. The access line cost study is inadequate to support the proposal and the significant impact on individual exchanges, and ultimately customers, is unacceptable. Certain intervenors were also critical of the study but failed to justify the costs of any alternative proposal. Therefore, the Commission will require Bell to continue to use the current basic local exchange service rate schedule until it furnishes an acceptable exchange cost study and presents a proposal which will have a more gradual and equitable impact on the customers.

Local Measured Service

Bell made several proposals concerning local measured service. First, Bell proposed to introduce a low-use measured service option at 50 percent of the applicable residence individual line rate. The Commission, in Case No. 8510, the Optional Measured Service Tariff Filing of Cincinnati Bell, Inc., approved a similar low-use measured service option and is of the opinion that Bell's proposal in this case should be allowed.

Bell also proposed changes in its standard measured service option. The standard measured service rate is currently 75 percent of the applicable residence or business individual line rate. Bell proposed to reduce the rate relationship to 65 percent in order to encourage customer participation. The Commission is of the opinion that the change should not be allowed. Customer acceptance of standard measured service has steadily increased since it was introduced in 1980 and is accelerating, which suggests a satisfactory rate relationship. The change would result in a revenue shortfall and increased variation in usage-sensitive revenue. Bell did not provide adequate evidence on either revenue issue.

In addition, Bell proposed to increase the usage allowance available to standard measured service customers. In order to avoid creating an undue economic incentive for customers to move to low-use measured service, the residence usage allowance has been increased from $3.00 to $4.50 per month. Since low-use measured service is not available to business customers, the business usage allowance is maintained at $7.50 per month.

The Commission initially authorized Bell's local measured service tariff as an experiment in Case No. 7871, the Measured Service Rate Tariff Filing of South Central Bell Telephone Company. The offering was at first restricted to Frankfort, but has been gradually extended to a total of 18 exchanges. Since introducing measured service, Bell has furnished monthly reports documenting the number of measured service customers and comparative flat rate and measured service revenue. Measured service can result in a revenue shortfall relative to flat rate service. Bell has taken the position that the revenue shortfall should be allocated to basic local exchange service users in general. At the present time, the revenue shortfall is insignificant, but evidence indicates that it will substantially increase in the future. The Commission will continue to monitor Bell's experiment, paying special attention to the revenue shortfall question.

Telephone Answering Service

Bell proposed rate adjustments to telephone answering service averaging about 10 percent. KTASC objected to the increases in the area of service and channel rates.

The Commission acknowledges that channel service users experienced sizable rate increases as a result of the private line repricing approved in other cases.(93) However, the Commission estimates that on the basis of current rates, channel services yield a contribution to basic local exchange service of approximately 3.25 percent, and that rates authorized in this case will increase the contribution to approximately 8.75 percent. The Commission is of the opinion that such a contribution is reasonable and not unduly burdensome.

The Commission rejects KTASC's argument concerning the proposed rates applicable to service order and installation charges. The service order charge applies in connection with the receiving, recording, and processing of customer service requests. It is not related to service connection activity, but instead to administrative and clerical activity associated with service connection. Installation charges apply in connection with central office and other activity required to physically complete a service connection. Furthermore, the Commission has long encouraged multi-element service charges and does not intend to alter its policy. The Commission is of the opinion that the proposed service and installation charges are reasonable and should be allowed.

Centrex

Bell proposed rate adjustments to Centrex service. Finance objected to the rate adjustments and made certain recommendations concerning rate design. As a result of the Commission's decision to authorize no increase in basic local exchange service rates, Centrex access line rates will not increase.

Non-Exchange Related Adjustments

Bell proposed various rate adjustments to non-exchange related services. In general, the Commission has accepted Bell's adjustments with modifications to assure that all rate elements increase at least 10 percent. This treatment has been applied to customer premises equipment, zone charges, service charges, telephone answering service, foreign exchange service, miscellaneous service (including custom calling service), auxiliary equipment (including jack equipment), obsolete service offerings, and private line channels and equipment.

The Commission is of the opinion that Bell cannot continue to contend that all of its expenses are subject to inflation and are continuing to rise, yet fail to reflect such inflationary impact in all its rates. The Commission will authorize 10 percent increases in all of Bell's non-related exchange service, with the exception of telephone sets and adjuncts, to recognize general inflationary increases occurring during the test year. Telephone sets and adjuncts have been increased 15 percent.

Bell did not propose a rate adjustment to customer premises products. Bell argued that rates for terminal equipment are well above cost and generate a significant contribution to basic local exchange service, and that an increase in rates might cause customer erosion resulting in a loss of revenue. Intervenors objected to exempting terminal equipment from a rate increase.

The Commission does not dispute Bell's argument that terminal equipment provides a contribution to basic local exchange service. At the same time, the Commission agrees with intervenors that terminal equipment should not be exempted from a rate increase in this case.

The Commission is of the opinion that an across-the-board adjustment of 10 percent should be applied to all customer premises products. The adjustment reflects the trend of inflation and is the minimum acceptable increase. The adjustment should be applied to all rate elements contained in the Customer Premises Products Tariff and related rate elements contained in the General Subscriber Services Tariff, including terminal equipment tariffed under two-ties and variable term payment plans, and non-recurring charges, as specified in Appendix B.

In addition to rate adjustments, Bell proposed a change in regulations governing suspension of semi-public coin telephone service and a new regulation governing suspension of service involving terminal equipment. The Commission is of the opinion that these regulations are reasonable and should be approved.

Bell also proposed new charges applicable to unrecovered telephone equipment. The unrecovered telephone equipment charge should encourage the return of telephone equipment at the time service is discontinued and, thus, benefit all Bell customers through cost savings. Therefore, the Commission is of the opinion that the unrecovered telephone equipment charge should be allowed.

Exchange and Related Adjustments

The Commission has determined that Bell's revenue requirement can be achieved without an increase in basic local exchange service rates. However, as a result of the changes discussed below some additional revenue is realized from exchange-related services.

Bell proposed to increase message rate grouping service from 15 percent to 30 percent of the applicable business individual line message rate. The Commission is of the opinion that this change should be allowed, since other grouping service is 55 percent of applicable business individual line rates. Furthermore, the Commission serves notice to Bell that message rate grouping service should be adjusted to the 55 percent level in the future.

Bell also proposed to introduce a charge for toll terminal service, which has been historically provided at no charge. The Commission is of the opinion that this charge should be allowed.

Finally, Bell proposed a change in regulations governing suspension of Centrex dormitory service. The Commission is of the opinion that the change is reasonable and should be allowed.

REQUESTS FOR INFORMATION

During the course of this proceeding specific difficulties have been encountered by the AG and the Commission in obtaining timely and adequate responses to requests for information from Bell. For example, the Commission's entire Data Request No. 1B had to be renewed so as to elicit an intelligible response from Bell, and the AG experienced considerable delays in obtaining cost studies. These failures to timely and adequately respond have the effect of providing the AG and the Commission less than a full opportunity to cross-examine Bell's witnesses and test Bell's supporting documentation. The Commission seeks the cooperation of Bell in future rate cases in providing timely and adequate responses to requests for information. Failure to respond may require the Commission to seek a lengthening of the statutory suspension period from the General Assembly to insure that effective discovery and a fair hearing can be had by all the parties to our proceedings.

FINDINGS AND ORDER

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The rates proposed by Bell would produce revenues in excess of the revenues found reasonable herein and should be denied upon application of KRS 278.030.

2. Bell's proposal to restructure basic local exchange service was not supported by adequate cost information and is not in the public interest because of its unreasonable impact on the ratepayers. Therefore, the proposal should be denied.

3. Bell's proposals concerning standard measured service rates and usage allowances are not in the public interest due to uncertain revenue effects and inappropriate rate design. Therefore, the proposals should be denied, except as modified by the Commission.

4. Bell's proposal to introduce low-use measured service is reasonable, on the basis of past Commission action, and should be approved.

5. Bell's proposals concerning cost-based and inflation-type adjustments to non-exchange related rates are reasonable and in the public interest, and should be approved, as modified by the Commission. However, the Commission is of the opinion that excluding customer premises products from rate adjustments is unreasonable and not in the public interest. Therefore, the Commission should require a rate adjustment to customer premises products.

6. Bell's proposal to adjust basic local exchange service rates is unreasonable and not in the public interest. On the

basis of adjustments to non-exchange related and miscellaneous exchange related rates, the Commission finds that no adjustment to basic local exchange service is necessary and Bell's proposal should be denied.

7. The rates and charges in Appendices A and B are the fair, just and reasonable rates and charges for Bell to charge its customers in rendering telephone service.

IT IS THEREFORE ORDERED that the proposed rates and charges in Bell's notice of April 23, 1982, be and they hereby are denied.

IT IS FURTHER ORDERED that Bell's proposal to restructure basic local exchange service be and it hereby is denied.

IT IS FURTHER ORDERED that Bell's proposals concerning standard measured service be and they hereby are denied, except as modified and stated in Appendix A.

IT IS FURTHER ORDERED that Bell's proposal to introduce low-use measured service be and it hereby is approved.

IT IS FURTHER ORDERED that Bell's proposal to adjust non-exchange related rates be and it hereby is approved, as modified by the Commission and stated in Appendix A, and including customer premises products as stated in Appendix B.

IT IS FURTHER ORDERED that Bell's proposal to adjust basic local exchange service rates be and it hereby is denied. However, adjustments to miscellaneous exchange related rates are approved as stated in Appendix A.

IT IS FURTHER ORDERED that within 20 days from the date of this Order Bell shall file revised tariffs with the Commission stating the rates, rules and regulations contained in Appendix A, which will produce additional annualized revenue in the amount of $9,838,000 plus inter-company settlements.

IT IS FURTHER ORDERED that within 20 days from the date of this Order Bell shall file revised tariffs with the Commission implementing a 10 percent across-the-board increase to customer premises products, as specified in Appendix B, which will produce additional annualized revenue in the amount of $4,635,000.

Done at Frankfort, Kentucky, this 13th day of October, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Volz
Chairman

Katherine Randall
Vice Chairman

Commissioner

ATTEST:

Secretary

FOOTNOTES

(1) Ballard Exhibit 1.

(2) Ballard Appendix, sheet 3.

(3) Ibid.

(4) Rhodes Exhibit SFR, Schedule 13.

(5) Ballard Exhibit 1.

(6) Transcript of Evidence, Volume 1, August 23, 1982, page 224.

(7) Ballard direct testimony, page 14.

(8) Ballard Appendix, sheet 3.

(9) Ballard Exhibit 2.

(10) Ballard Exhibit 4.

(11) Ballard Exhibit 3.

(12) Difference between response to Staff Request No. 2, Item 4, sheet 3, and Ballard Exhibit 3, I, A.

(13) Difference between response to Staff Request No. 2, Item 8, sheet 2, and Ballard Exhibit 3, II, B.

(14) Difference between response to Staff Request No. 2, Item 7, sheet 2, and Ballard Exhibit 3, II, A; and difference between response to information filed September 24, 1982, Item 3, sheet 2, and Ballard Exhibit 3, II, A.

(15) Ballard Exhibit 4.

(16) Transcript of Evidence, Volume I, August 23, 1982, page 233.

(17) Ibid., page 234.

(18) Difference between lines 3 and 4 of Ballard Exhibit 4.

(19) $159,734,000 X .7383 = $117,932,000.

(20) Response to Oral Request, Item 3(a), sheet 2, filed September 10, 1982.

(21) Ibid.

(22) Response to information filed September 24, 1982, Item 1, sheet 1.

(23) Dickson direct testimony, page 9.

(24) Calculated from:

Response to First Joint Request of Louisville/Jefferson Co. and the AG, Items K-9 and K-10.

(25) Response to information filed September 10, 1982, Item 3, sheet 2; 6.22% ÷ [$8,862,000 ÷ ($5,166,000 + $8,862,000)] = 9.85%.

(26) $124,821,000 - $121,959,000 = $2,862,000 X 50.76% = $1,453,000.

(27) Ballard Exhibit 2.

(28) Response to Oral Request, Item 1, sheet 2, filed September 24, 1982.

(29) Ibid.

(30) $29,222,000 - $28,397,000 = $825,000 ÷ .8016 = $1,029,000 X (.8016 - .4924) = $318,000.

(31) Ballard Exhibit 2.

(32) Response to Oral Request, Item 1, sheet 3, filed September 24, 1982.

(33) Ibid., page 2.

(34) $8,823,000 - $8,546,000 = $227,000 ÷ .8103 = $342,000 X (.8103 - .4924) = $109,000.

(35) Response to Oral Request, Item 3(c), sheet 4, filed September 10, 1982.

(36) Ballard Exhibit 2.

(37) Response to Staff Request No. 1, Item 8, sheets 26 and 27.

(38) \$67,888,000 - \$64,297,000 = \$3,591,000 X .5076 = \$1,823,000.

(39) Ballard Exhibit 2.

(40) Response to Oral Request, Item 3, sheet 3, filed September 10, 1982.

(41) Ibid.

(42) Response to First Joint Request of Louisville/Jefferson Co. and the AG, Item K-29.

(43) \$305,033,000 - \$302,958,000 = \$2,075,000 X .504553 = \$1,047,000.

(44) Ballard Exhibit 1.

(45) \$23,444,000 X 44.4274% = \$10,416,000.

(46) Ballard Exhibit 2.

(47) \$10,416,000 X 11.42% = \$1,190,000.

(48)

Bell interest on long-term debt	\$226,272,000
Bell interest on short-term debt	44,741,000
Bell total applicable interest	\$271,013,000
Kentucky-Intrastate Factor	10.2411%
Kentucky-Intrastate Interest	\$ 27,755,000

(49) Response to Staff Request No. 1, Item 16A, sheet 2.

(50) \$59,604 X .5076 = \$30,000.

(51) Response to Staff Request No. 1, Item 17.

(52) Response to Oral Request, Item 2, filed September 24, 1982.

(53) \$107,000 X .5076 = \$54,000.

(54) $191,000 X .5076 = $97,000.

(55) Response to Staff Request No. 1, Item 35, sheet 3.

(56) $769,000 X 1.0905 = $839,000.

(57) $360,000 X .5076 = $183,000.

(58) Rhodes direct testimony, page 53.

(59) Brief of Bell, page 25.

(60) Case No. 8428, Continental Telephone Co., Case No. 8429, Kentucky Power Co., Orders entered June 18, 1982.

(61) Difference between responses to First Joint Request of Louisville/Jefferson Co. and the AG, Items K-31 and K-32.

(62) $2,186,000 ÷ 5 years = $437,000 - ($437,000 X 11.427) = $387,000.

(63) Ballard direct testimony, page 6.

(64) $1,325,000 + $485,000 = $1,810,000 X .504553 = $913,000.

(65) Brief of Bell, page 20.

(66) Response to Staff Request No. 1, Item 22.

(67) Transcript of Evidence, Volume 1, August 23, 1982, page 228.

(68) $221,460 X 50.76% = $112,000.

(69) Order, Case No. 8150, entered August 11, 1982, pages 9 and 10.

(70) Transcript of Evidence, Volume II, August 24, 1982, page 145.

(71) $8,460,000 X 50.76 = $4,294,000.

(72) $3,178,000 - $3,042,000 = $136,000.

(73) $110,000 X 78.7915% X .5076 = $44,000.

(74) $400,000 X 53.4540% X .5076 = $109,000.

(75) Langsam direct testimony, page 13 and Johnson Appendix III, pages 21 and 22.

(76) Langsam direct testimony, pages 13 and 14.

(77) Johnson Appendix III, page 21.

(78) Ibid., page 20.

(79) Response to Staff Request No. 1, Item 3B, sheet 3.

(80) Response to the AG's Interrogatories, Second Set, Item 21, and Transcript of Evidence, Volume III, August 25, 1982, pages 208 and 209.

(81) Transcript of Evidence, Volume III, August 25, 1982, page 209.

(82) Ibid.

(83) Matheson direct testimony, page 17.

(84) Matheson Exhibit, page 3.

(85) Langsam direct testimony, page 24a, Table B (revised).

(86) Johnson Exhibit, Schedule 45, pages 1 and 2.

(87) Average of monthly rates for 12 months ended August 1982, Federal Reserve Statistical Release.

(88) Matheson direct testimony, page 33, and Todd direct testimony, page 21.

(89) Prior direct testimony, page 25.

(90) Johnson direct testimony, page 44.

(91) Langsam direct testimony, page 12.

(92) $7,302,000 ÷ 50.4553% = $14,473,000.

(93) Case Nos. 7314, 7774 and 8150, South Central Bell rate cases.

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8467 DATED OCTOBER 13, 1982.

The following rates and charges are prescribed for the customers in the area served by South Central Bell Telephone Company in 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.

A2.3.15 Suspension of Business and Residence Service (General Subscriber Services Tariff)

The charge for temporary suspension of Centrex exchange access, ESSX-1 network access registers, and PBX trunks is 50% of the rates regularly charged. Centrex dormitory main station number access will be suspended at 50% of the rate for a residence individual flat rate line for the exchange involved. Semipublic coin telephone service may be suspended with no reduction in the full monthly rate, for a period not exceeding sixty days.

A3 BASIC LOCAL EXCHANGE SERVICES

A3.1 General

Rates for flat and measured rate local exchange services vary among exchanges depending upon the number of main station lines (including Centrex main station lines, except as provided following, and ESSX-1 main station lines) and PBX trunks (including trunks providing Centrex service to U.S. Government-owned systems serving certified military bases) in the local calling scope of each exchange.

A3.2.2 Measured Rate Schedule

Measured service monthly rates shall be as follows:

Low-use Measured Service
50% of the applicable residence individual line flat rate.
Standard Measured Service
75% of the applicable residence or business individual line flat rate.

Measured service monthly usage allowance shall be as follows:

Low-use Measured Service	None
Standard Measured Service	
Residential	$ 4.50
Business	$ 7.50

A3.3 Zone Charges for Local Exchange Service Outside the Base Rate Area

In addition to the basic rate for service, the following zone charges apply in all exchanges or Locality Rate Areas in connection with any such service located outside Base Rate Areas (BRA):

	Monthly Rate
(1) Up to and including one mile from the BRA boundary, or Geographic Zone A, as appropriate:	
Indvidual Line or PBX Trunk, each	$ 1.95
Two-Party Line, each main station	1.15
(2) Beyond one mile up to and including two miles from the BRA boundary, or Geographic Zone B, as appropriate:	
Individual Line or PBX Trunk, each	$ 3.90
Two-Party Line, each main station	2.30
(3) Beyond two miles up to and including four miles from the BRA boundary, or Geographic Zone C, as appropriate:	
Individual Line or PBX Trunk, each	$ 7.80
Two-Party Line, each main station	4.60
(4) Beyond four miles up to and including seven miles from the BRA boundary:	
Individual Line or PBX Trunk, each	$13.65
Two-Party Line, each main station	8.10
(5) Beyond seven miles from the BRA boundary:	
Individual Line or PBX Trunk, each	$19.50
Two-Party Line, each main station	8.10

	Monthly Rate
Grouping Service (A3.11 & A3.15)	
Business Flat Rate Grouped Lines or Trunks, each	55% of Bus. Ind. Line Flat Rate
Residence Flat Rate Grouped Trunks, each	55% of Res. Ind. Line Flat Rate
Business Measured Rate Grouped Lines, each	55% of Bus. Ind. Line Flat Rate
Business Measured Rate Grouped Trunks, each	55% of Bus. Ind. Line Flat Rate
Residence Measured Rate Grouped Trunks, each	55% of Res. Ind. Line Flat Rate
Business Message Rate Grouped Lines, each	30% of Bus. Ind. Line Message Rate
Message Rate Grouped Trunks, each	30% of Message Rate First Trunk Rate

	Nonrecurring Charge
A4 Service Charges	
Service Order with Premises Visit	
Key, PBX, ESSX-1, Centrex	$41.50
Service Order without Premises Visit	
Residence	17.00
Business Nonkey, Key, PBX, ESSX-1, Centrex	23.50
Record Type Orders	
Residence	12.00
Business Nonkey, Key, PBX, ESSX-1, Centrex	19.00
Central Office Line Connection	
Residence	24.00
Business Nonkey, Key, PBX, ESSX-1, Centrex	27.00
Station Handling	
Key, PBX, ESSX-1, Centrex	7.25
Number Changes	7.00
Maintenance of Service Charge - Customer-Provided Equipment Key, PBX, ESSX-1, Centrex	Premises Work Charge for Simple Business

	Nonrecurring Charge
A4 Service Charges (Cont'd)	
Premises Work Charge	
Residence - First 15 minute increment	$33.75
- Each additional 15 minute increment	9.25
Simple Business - First 15 minute increment	43.25
- Each additional 15 minute increment	10.50

For changes in associated equipment due only to a change from a Touch-Tone line to rotary dial line, service charges ... Apply, as appropriate

	Installation Charge	Monthly Rate
A8 Telephone Answering Service Facilities		
Concentrator-Identifier Arrangement Channels		
Intraexchange		
Concentrate-identifier unit equipped for 40 lines and 2 trunks to 100 lines and 6 trunks -		
Concentrator	$ 308.00	$313.50
Identifier	1,083.50	121.00
Interexchange		
Concentrator-identifier unit equipped for 40 lines and 2 trunks to 100 lines and 6 trunks		
Concentrator	$ 308.00	$313.50
Identifier	1,083.50	121.00
Interexchange - Channel 1st mile		45.65
Each additional mile or fraction		2.20
Interoffice Channel - 1st ¼ mile		10.00
Each additional mile or fraction		.45
Local Channel Type 2007, each	332.30	19.55
Intraexchange -		
Interoffice Channel - 1st ¼ mile		21.25
Each additional ¼ mile or fraction		.75
Local Channel Type 2107, each	95.00	10.25
Patron Secretarial Line Service for lines terminating directly from the Central Office or through Concentrator-Identifier, each		
Residential		.95
Business		1.80
When furnished jointly with another company that does not concur in this company's charges, the charge for the first mile is		23.75
Secretarial Line Channel		
Client located in Building Other Than That Where the Telephone Answering is Located and the Service is Bridged in the Wire Center		
Local Channel, each - Type 2106	17.05	4.15

Substitute

	Installation Charge	Monthly Rate
A8 Telephone Answering Service Facilities (Cont'd)		
Between Terminations Located in Different Wire Centers		
Directly Connected to Telephone Answering Firm		
Interoffice Channel Including Channel Terminals per channel		
1st 1/4 mile		$ 21.25
Each Additional 1/4 mile or fraction		.75
Local Channel, each		
Type 2106	$ 17.05	4.15
Connected to a Concentrator Located in the Client's Serving Wire Center		
Concentrator Line Termination, each	17.05	4.15
Connected to a Concentrator Located in a Different Wire Center		
Interoffice Channel Including Channel Terminals		
Per Channel 1st 1/4 mile		21.25
Each Additional 1/4 mile or fraction		.75
Concentrator Line Termination, each	17.05	4.15
Between Terminations Located in Different Exchanges		
Directly Connected to Telephone Answering Firm		
Interexchange Channel Including Channel Terminals		
Per Channel, 1st mile	435.00	76.00
Each Additional mile or fraction		2.20
An installation charge and a charge for the first mile if one of the exchanges is served by a company not concurring in the tariff charges.	217.50	39.00
Interoffice Channel Including Channel Terminals		
Per Channel, 1st 1/4 mile		10.00
Each Additional 1/4 mile or fraction thereof		.45

Monthly Rate

A8 Telephone Answering Service Facilities (Cont'd)

Rate for terminating a patron's line in a Telephone Answering Bureau. This rate is billed to the Telephone Answering Bureau.

	Monthly Rate
Local Channel Type 2106 Rate Differential	$ 5.00

Customer Operating Service

Monthly Rates - Per Complement of Cable Pairs

Per local channel activated	
Type 2106	4.15
Type 2107 - 4/4 mile or less	3.80
- 5/4 mile	5.50
Service Charge Per Local Channel Activated	
Each Type 2106 Local Channel Activated	17.05
Service Operating Charge, per Customer Request	
Type 2107	91.30
Visit Charge, Type 2107	9.90
Channel Connecting Charge, Type 2107	74.00

Customer Operating Center Service

Monthly Rates - Per complement of cable pairs

DISTANCE IN ¼ MILE OR FRACTION THEREOF	COC SERVICE CABLE SIZE							
	50 PAIRS	100 PAIRS	200 PAIRS	300 PARIS	400 PAIRS	600 PAIRS	900 PAIRS	1200 PAIRS
1/2 MILE	176.00	180.40	225.00	265.00	312.40	420.00	545.00	711.70
3/4 MILE	370.00	380.60	475.00	555.00	656.70	880.00	1140.00	1460.00
4/4 MILE	585.00	601.70	775.00	910.00	1071.40	1440.00	1870.00	2390.00
5/4 MILE	751.30	776.60	965.00	1131.90	1340.00	1795.20	2325.40	2975.00

Substitute

A9 Foreign Exchange and Foreign Central Office Service

	Installation Charge	Monthly Rate
Type 2045		
Interexchange Channel, including the Channel Terminals, per channel		
1st mile	$435.00	$ 76.00
Each additional mile or fraction thereof		2.20
Interoffice Channel, including the Channel Terminals, per channel		
1st 1/4 mile		10.00
Each additional 1/4 mile or fraction thereof		.45
Interexchange Channel, an installation charge and a charge for the first mile if one of the exchanges is served by a company not concurring in the tariff charges	217.50	39.00
Type 2145		
Interoffice Channel, including the Channel Terminals, per channel		
1st 1/4 mile	53.00	25.60
Each additional 1/4 mile or fraction thereof		.75
1st 1/4 mile if one central office is in territory of another company not concurring in this tariff	26.50	13.25

A12 ESSX-1 Service

Rates and charges for Network Access Registers apply as for a PBX flat rate trunk of similar operation.

A13.2 Channels for Extension Line

Extension Lines and PBX Station Lines

Channels between different buildings on different premises, for use with Company-provided station equipment, local channels, each

Type 2156	9.60

A13.2 Channels for Extension Line (Cont'd)

	Installation Charge	Monthly Rate
<u>Extension Lines and PBX Station Lines</u> (Cont'd)		
For use with Customer-provided or Company-provided equipment, local channels, each		
Type 2157	$ 28.60	$ 9.40
Type 2154		36.50
Type 2155		14.85
Type 2158		11.30
Provided by means of a direct cable, different building, different premises, non-wire center connected channels		
Per two point channel		
Each 1/4 mile or fraction thereof		1.60
Minimum Charge		3.20
Channel between buildings on the same premises, each		
Per two point channel		
Each 1/4 mile or fraction thereof		1.60
Minimum Charge		3.20
<u>Extension Lines</u>		
Interoffice channel for use with local channels		
Per channel		
First 1/4 mile		21.25
When furnished with another company not concurring in this tariff		11.00
Each additional 1/4 mile or fraction thereof		.75
Outside Base Rate Area Charge, per local channel		
Band Zone 1 or Geographical Zone A		3.20
Band Zone 2 or Geographical Zone B		9.60
Band Zone 3 or Geographical Zone C		19.20
Band Zone 4		28.80
Band Zone 5		35.20
Signaling Options		
E&M Type Signaling		
Type 2154, 2155, 2156	3.30	5.45
Type 2158	7.70	9.50
Loop Signaling		
Type 2158	6.60	.35

A13.2 Channels for Extension Line (Cont'd)

	Installation Charge	Monthly Rate
Extension Lines (Cont'd)		
Signaling arrangements are furnished for grandfathered and registered PBX's (or similar) in accordance with Part 68 of the FCC Rules and Regulations		
For use with PBX (or similar) off-premises channels for Company-provided or Customer-provided equipment		
Signaling Arrangement Each, per circuit		
Type A	$ 57.20	$ 19.75
Type B	57.20	15.50
Type C	57.20	9.50

	Channels Bridged in the Wire Center	Charges for Non-Wire Center Connected Channels and for Moving a Local Channel in the Same Building
Service Charges for connection, move or change of service		
All Other Types		
Service Ordering Charge Per Customer Request		
Type 2102, 2158	$122.10	$ 67.10
Type 2104, 2146, 2147, 2154, 2155, 2156	91.30	36.50
Visit Charge, per premises	14.30	14.30
Channel Connecting Charge Per Channel Provided		
Type 2155, 2156	87.00	
Type 2154	70.40	
Type 2158	52.00	
Premises Work Charge, Per Premises	16.75	16.75
Station Handling Charge, Per Termination	5.85	5.85

A13.16 Custom Calling Services

	Monthly Rate
Per C.O. line equipped for:	
Call Waiting - Residence	$ 2.75
Call Waiting - Business	4.95
Call Forwarding - Residence	2.50
Call Forwarding - Business	3.50
Three-Way Calling - Residence	3.60
Three-Way Calling - Business	4.15
Speed Calling (8-Code) - Residence	2.50
Speed Calling (8-Code) - Business	3.50
Speed Calling (30-Code) - Residence	3.50
Speed Calling (30-Code) - Business	4.50
Call Waiting with Call Forwarding - Residence	4.15
Call Waiting with Speed Calling (8-Code) - Residence	4.00
Call Waiting with Call Forwarding and Speed Calling (8-Code) - Residence	5.50
All Features, Including Speed Calling (8-Code) - Residence	8.15
Call Waiting with Three-Way Calling - Residence	4.00
Call Forwarding with Three-Way Calling - Residence	4.00
Call Forwarding with Speed Calling (8-Code) - Residence	4.00
Three-Way Calling with Speed Calling (8-Code) - Residence	4.00
Call Waiting with Call Forwarding and Three-Way Calling - Residence	5.50
Call Waiting with Three-Way Calling and Speed Calling (8-Code) - Residence	5.50
Call Forwarding with Three-Way Calling and Speed Calling (8-Code) - Residence	5.50

A13.22 Toll Trunks (Toll Terminals)

Toll trunks are furnished only where facilities permit, to all customers at a monthly charge equivalent to the Business Individual Line Flat Rate in the Local Calling Area containing the customer's premises from which the trunk extends.

	Installation Charge
A14 Auxiliary Equipment	
__Standard Voice Jacks__	
Minature modular jack, each	$ 7.70
Series jack, each	22.00
Minature ribbon connector, each	75.90
Weatherproof (3 position) jack for marine and recreational vehicle, each	71.00
__Standard Data Jacks__	
Programmed jack, each	39.60
Universal jack, each	45.10
Multiple mounting arrangement for up to 16 single line data jacks, each	176.00
Multiple line data jack for use with both fixed loop loss and programmable data equipment:	
- Common equipment for up to eight lines, each	137.50
- Line circuit cards, each	20.90
- Wall mounting cover, each	31.90
- Rack mounting, each	25.30
__Non-Standard Voice Jacks__	
Non-weatherproof	
- Three or four conductor, each	7.70
Weatherproof	
- Three conductor and plug assembly for movable premises, each	21.45
- Three conductor in excess of plugs for movable premises, each	16.50
- Three or four conductor, each	21.45
__Miscellaneous Jack-related Equipment__	
Outdoor (patio-type) cover/housing for miniature-modular jack	
-Flush (outdoor cover), each	31.35
-Nonflush (outdoor cover and mounting box), each	31.35
Flexible weatherproof cord (three-conductor), double-plug ended fifty-foot length	110.00
Modular jack converter	4.55

	Installation Charge	Monthly Rate

Mutiple Line Control Arrangements

Break-In Rotary Number Group

Rate for common equipment does not include required lamp indicator and key (which are available at regular tariff rates.)

	Installation Charge	Monthly Rate
Common equipment, first 10 lines		$ 11.30
Each additional lines		9.50

Line Out-of-Service Feature

Rate for control equipment does not include required signaling key (which is available at regular tariff rates).

	Installation Charge	Monthly Rate
Control equipment, per line	$ 8.45	5.10

A18 Long Distance Message Telecommunications Service

Long Distance Message Telecommunications Service is subject to authorized resale and shared use by the customer, except that tariff regulations prohibiting the resale and unauthorized sharing of service remain applicable to rates for Hearing or Speech Impaired Customers and to Optional Calling Plans.

A100.72 Group Emergency Alerting and Dispatching Systems

	Installation Charge	Monthly Rate
Small System		
Common Equipment		155.00
Line Equipment		4.15
Dispatcher Set		0
Connection or substitution of subscriber lines - First line	$ 0	
- Each additional line at same time	0	
Twenty-Four Line System		
Common Equipment for 15 called lines		240.00
Common Equipment for 15 additional called lines		29.50
Subsequent addition or change - First line	0	
- Each additional line at same line	0	

A100.75 Weather Announcement Equipment

	Installation Charge	Monthly Rate
Medium Load System		
Announcer and common equipment		160.00
Switched access arrangement		135.00

A100.91 Custom Calling Services

Not available for new installations, additions or on transfers of service to new locations.

	Installation Charge	Monthly Rate
Call Waiting with Speed Calling (30 code), Residence		5.00
Call Waiting with Call Forwarding and Speed Calling (30-code), Residence		6.50
All features including Speed Calling (30 code)		8.80

Substitute

	Channel Associated With: Inter-exchange Service	Channel Associated With: Intra-exchange Service	Charges For Providing Channels Without Central Office Connections Or For Moving a Local Channel in the Same Building
C3 Private Line Service Channels			
Nonrecurring Charges			
<u>Service Ordering Charge, Per Customer Request</u>			
Series 1000			
Intraexchange			
Type 1101, 1102, 1180, 1182		$ 36.50	$ 17.60
Type 1110, 1111, 1150, 1151		160.00	69.30
Interexchange			
All Types	$205.00		96.00
Series 2000			
Intraexchange			
All Types		120.00	69.30
Interexchange			
Type 2003, 2048, 2050, 2052, 2072	205.00		96.00
All Other Types	161.70		96.00
Series 6000			
Intraexchange			
Type 6160, 6170		36.50	69.30
All Other Types		95.00	69.30
Interexchange			
All Types	205.00		96.00
<u>Record Order</u>			
Type 1101, 1102, 1180, 1182		15.50	
All Other Series and Types	23.10	23.10	
<u>Visit Charge Per Premises</u>			
All Series and Types	14.30	14.30	14.30
<u>Channel Connection Charge Per Local Channel</u>			
Series 1000			
Intraexchange			
Type 1101, 1102, 1180, 1182		13.25	
All Other Types		58.30	

	Channel Associated With: Inter-exchange Service	Channel Associated With: Intra-exchange Service	Charges For Providing Channels Without Central Office Connections Or For Moving a Local Channel in the Same Building
C3 Private Line Service Channels (Cont'd)			
Nonrecurring Charges (Cont'd)			
<u>Channel Connection Charge</u> <u>Per Local Channel</u> (Cont'd)			
Series 1000 (Cont'd)			
Interexchange			
All Types	$135.10		
Series 2000			
Intraexchange			
Type 2101, 2153, 2171		$ 47.50	
All Other Types		83.00	
Interexchange			
Type 2054	350.00		
Type 2058	220.00		
All Other Types	191.40		
Series 6000			
Intraexchange			
Channel Not Connected to a Bridging Amplifier			
Type 6160		39.60	
Type 6170		52.00	
Type 6161, 6162		80.30	
Type 6171, 6172		105.60	
Type 6163		130.00	
Channel Connected to a Bridging Amplifier			
Type 6160, 6170		52.00	
Type 6171, 6172		105.60	
Type 6161, 6162		145.20	
Type 6163		185.00	
Interexchange			
Channel Not Connected to a Bridging Amplifier			
Type 6064	130.00		
Type 6065, 6066	285.00		
Channel Connected to a Bridging Amplifier			
Type 6064	222.20		
Type 6065, 6066	470.00		

	Channel Associated With: Inter-exchange Service	Channel Associated With: Intra-exchange Service	Charges For Providing Channels Without Central Office Connections Or For Moving a Local Channel in the Same Building
C3 Private Line Service Channels (Cont'd)			
Nonrecurring Charges (Cont'd)			
Premises Wiring Charge Per Premises			
All Series and Types	$ 16.80	$ 16.80	$ 16.80
Station Handling Charge Per Termination	5.85	5.85	5.85

	Monthly Rate
On Premises Channels Types 1000 & 2000	
Two Point Service, same building	$ 3.20
Two Point Service, different buildings per 1/4 mile or fraction	1.60
Minimum Charge	3.20
Each additional point of termination in the same or different building	3.20
Additional Points of Termination of a Local Channel - Types 1000 and 2000	
Additional point of termination, different buildings, same premises, per 1/4 mile or fraction	1.60
Minimum Charge	3.20
Additional point of termination, same building	3.20
Special Signaling Service - Series 1000	
Intraexchange Types 1101 and 1102	
Local Channel, each	
Type 1101	6.50
Type 1102	6.50
Interoffice Channel including the channel terminals for use with Types 1101 and 1102	
Per channel, 1st 1/4 mile	3.45
Each additional 1/4 mile or fraction thereof	2.65

	Monthly Rate
C3 Private Line Service Channels (Cont'd)	
<u>Special Signaling Service - Series 1000</u> (Cont'd)	
Interexchange Type 1002	
1st mile	$ 39.05
Additional mile or fraction	.95
Interoffice Type 1002	
1st 1/4 mile	9.15
Additional 1/4 mile or fraction	.85
Local Channel Type 1002	21.25
Local Channel Type 1180	6.50
Local Channel Type 1182	13.00

	Monthly Rate	
	Half Duplex	Full Duplex
Sub Voice Grade Intraexchange		
Type 1110	$ 19.00	$ 21.00
Type 1111	24.00	26.70
Type 1150	17.35	19.25
Type 1151	22.30	24.50
Interoffice Channels Sub Voice Grade		
1st 1/4 mile	18.25	18.25
Additional 1/4 mile	.75	.75
Sub Voice Grade Interexchange		
Types 1010, 1011, 1050 & 1051		
1st mile	39.05	39.05
Additional mile or fraction		
Types 1010 & 1050	.95	.95
Types 1011 & 1051	1.25	1.25
Interoffice Channel		
1st 1/4 mile	9.15	9.15
Additional 1/4 mile or fraction	.85	.85
Local Channels, each		
Type 1010	21.25	23.50
Type 1011	24.00	26.70
Type 1050	20.35	22.30
Type 1051	23.10	25.50

	Installation Charge	Monthly Rate
C3 Private Line Service Channels (Cont'd)		
Station Arrangement Charges -		
Type 1111 - where all stations are located on same premises, each station	$ 31.00	$ 8.30
Type 1111 and 1151 - where any stations of a system are located on different premises, non-wire center connected, each station	31.00	12.75
Voice Grade Series 2000		
Intraexchange		
Local Channels, each		
Type 2101		7.90
Type 2103		34.65
Type 2148		34.65
Type 2150		34.65
Type 2152		34.65
Type 2153		7.90
Each additional point of termination in the same building for two-point service		
Half Duplex		1.60
Duplex		1.60
Different building, different premises, non-wire center connected, per channel		
Half Duplex		
Each 1/4 mile		1.60
Minimum Charge		6.40
Full Duplex		
Each 1/4 mile		3.20
Minimum Charge		12.80
Interoffice Channel		
1st 1/4 mile		21.25
Additional 1/4 mile or fraction		.75
Interexchange		
1st mile		45.65
Additional mile or fraction		2.20
Interoffice Channel		
1st 1/4 mile		10.00
Additional 1/4 mile or fraction		.45
Local Channels, each		
Type 2001		14.30
Type 2003		34.10
Type 2048		34.10
Type 2050		34.10
Type 2052		34.10
Type 2053		14.30
Type 2054		34.10
Type 2055		23.75
Type 2056		18.50
Type 2058		19.55

	Monthly Rate
C3 Private Line Service Channels (Cont'd)	
Dataphone® Select-A-Station and Telemetry/Alarm Bridging Service (TABS) Channels	
Intraexchange	
Local Channel, each -	
Type 2171	$ 7.90
Type 2172	34.65
Interexchange	
Local Channel, each -	
Type 2071	14.30
Type 2072	34.10

NOTE: The appropriate voice grade interoffice and/or interexchange channel rates apply in addition to the local channel rates.

Channels Terminating Outside the Base Rate Area

The following rates apply to local channels which terminate outside the Base Rate Area. These rates apply in addition to the monthly rate for the local channel.

This Company's Exchanges	
Band Zone 1 or Geographical Zone A	3.20
Band Zone 2 or Geographical Zone B	9.60
Band Zone 3 or Geographical Zone C	19.20
Band Zone 4	28.80
Band Zone 5	35.20
Exchanges of the General Telephone Company of Kentucky	
Zone 2	3.20
Zone 3	9.60
Zone 4	19.20
Zone 5	28.80
Zone 6	35.20
All other Companies' Exchanges	
Each 1/4 mile or fraction thereof	1.60

C3 Private Line Service Channels (Cont'd)

Customer Operating Center Service

Monthly Rates - Per complement of cable pairs

DISTANCE IN 1/4 MILE OR FRACTION THEREOF	COC SERVICE CABLE SIZE							
	50 PAIRS	100 PAIRS	200 PAIRS	300 PAIRS	400 PAIRS	600 PAIRS	900 PAIRS	1200 PAIRS
1/2 MILE	176.00	180.40	225.00	265.00	312.40	420.00	545.00	711.70
3/4 MILE	370.00	380.60	475.00	555.00	656.70	880.00	1140.00	1460.00
4/4 MILE	585.00	601.70	775.00	910.00	1071.40	1440.00	1870.00	2390.00
5/4 MILE	751.30	776.60	965.00	1131.90	1340.00	1795.20	2325.40	2975.00

Monthly Rates - Per Local Channel Activated

LOCAL CHANNEL PROVIDED WITHIN A CABLE WHOSE AIRLINE DISTANCE IS:	TYPE OF LOCAL CHANNEL ACTIVATED				
	1101	1102	2150 2172	2152	2153 2171
1/4 MILE	1.60	1.60	11.00	23.75	1.60
1/2 MILE	1.60	1.60	11.85	24.50	1.60
3/4 MILE	1.60	1.60	12.10	25.00	1.60
4/4 MILE	1.60	1.60	13.00	26.00	2.05
5/4 MILE	1.60	1.60	14.05	26.70	3.45

	Monthly Rate		
	Channels Not Connected To A Bridging Amplifier	Channels Connected To A Bridging Amplifier	Channels Connecting Bridging Amplifier
C3 Private Line Service Channels (Cont'd)			
Program Channels Series 6000			
Intraexchange			
Audio Channels			
Local Channels, each			
Type 6160	$ 7.60	$ 6.50	
Type 6161	22.85	45.10	
Type 6162	23.50	45.65	
Type 6163	32.50		
Interoffice Channels Including Channel Terminals, per 1/4 mile or fraction, per channel			
First 1/4 Mile			
Type 6160	18.75	19.00	$ 14.85
Type 6161	33.55	27.00	17.35
Type 6162	34.10	27.00	17.60
Type 6163	58.00		
Each Additional 1/4 Mile			
Type 6160	.75	.75	.75
Type 6161	1.10	1.10	1.10
Type 6162	1.30	1.30	1.30
Type 6163	2.60	2.60	2.60
Interexchange			
Two-Point Audio			
Local Channels, each			
Type 6064	14.30	20.35	
Type 6065	38.00	32.50	
Type 6066	39.05	38.50	
Interoffice Channels Including Channel Terminals, per 1/4 mile or fraction, per channel			
First 1/4 Mile			
Type 6064	9.15	9.15	
Type 6065	17.35	17.35	
Type 6066	26.00	26.00	
Each Additional 1/4 Mile			
Type 6064	.85	.85	
Type 6065	1.10	1.10	
Type 6066	1.25	1.25	

	Monthly Rate		
	Channels Not Connected To A Bridging Amplifier	Channels Connected To A Bridging Amplifier	Channels Connecting Bridging Amplifier

C3 Private Line Service Channels (Cont'd)

Program Channels Series 6000 (Cont'd)

Interexchange (Cont'd)
Two-Point Audio (Cont'd)

Interexchange Channels Including the Channel Terminals, per mile or fraction, per channel

	Channels Not Connected To A Bridging Amplifier	Channels Connected To A Bridging Amplifier	Channels Connecting Bridging Amplifier
First Mile			
Type 6064	$ 46.20	$ 59.60	
Type 6065	90.00	110.00	
Type 6066	132.00	155.00	
Each Additional Mile			
Type 6064	2.20	2.20	
Type 6065	3.45	3.45	
Type 6066	4.95	4.95	

	Installation Charge	Monthly Rate
Wired Music		
Local Channels, each		
Type 6170		$ 6.50
Type 6171		14.60
Type 6172		14.85
Distribution Amplifiers and Bridging		
Initial 30 Channel Arrangement		44.55
Each Additional 30 Channel Arrangement		21.00
Distribution Amplifiers, per central office		
10 lines	$ 95.00	22.30
12 to 48 lines	110.00	24.00
50 to 98 lines	121.00	25.50
100 to 250 lines	130.00	27.00
Spare Amplifiers, each	39.05	8.70

	Installation Charge	Monthly Rate
C3 Private Line Service Channels (Cont'd)		
<u>Channel Conditioning</u>		
Type C1		
Intraexchange		
On a two-point channel, each station	$ 25.50	$ 8.30
On a multi-point channel, each station	25.50	16.00
Interexchange		
On a two-point channel not arranged for switching, first station in an exchange	25.50	16.00
On a multi-point channel, first station in an exchange	25.50	27.25
Each additional station on the same channel and in the same exchange as the first station	25.50	8.30
Type C2		
Interexchange and Intraexchange		
For the first station in an exchange		
On a two-point channel not arranged for switching	32.00	47.50
On a multi-point channel	64.00	61.00
For each additional station on the same channel and in the same exchange as the first station	12.75	25.50
Type C4		
Interexchange and Intraexchange		
For the first station in an exchange on a two-point channel not arranged for switching	64.00	51.00
Type D1		
On a two-point channel not arranged for switching, per channel	195.00	19.55
<u>Alternate Use Arrangements</u>		
Voice Private Line and Foreign Exchange Service	25.50	14.60
Voice and Data	32.00	7.60

C3 Private Line Service Channels (Cont'd)

	Installation Charge	Monthly Rate
Multipoint Services		
Charges are applicable where, (1) more than two Local Channels, or (2) one or more Local Channels and more than one Interoffice or Interexchange Channel, or (3) more than one Local Channel and one Interoffice or Interexchange Channel are bridged or hubbed at the same central office (wire center).		
Series 1000		
Bridging Arrangement for Use With Interexchange Service		
Per Bridged Interexchange Channel, Interoffice Channel or Local Channel		
Type 1002	$ 27.50	$ 39.05
Type 1010	27.50	41.50
Type 1050	27.50	39.05
Type 1011	27.50	43.50
Type 1051	27.50	42.00
Bridging Arrangement for Use With Intraexchange Service		
Per Bridged Interoffice Channel or Local Channel		
Type 1110, 1150, 1111, and 1151	27.50	18.50
Series 2000		
Bridging Arrangement for Use With Interexchange or Intraexchange Service		
Per Bridged Interexchange Channel, Interoffice Channel or Local Channel		
Type 2001, 2053, 2101, and 2153	27.50	14.85
Type 2048, 2052, 2148, 2152, 2071 and 2171	27.50	7.50
Type 2003, 2050, 2103, and 2150	27.50	6.50

	Installation or Nonrecurring Charge	Monthly Rate
C4 Private Line Service Equipment		
Equipment		
Maintenance of Service Charge		
Maintenance visit charge, each visit	$105.00	
Voice Communicating Equipment		
Signaling		
Associated with Intraexchange Channels		
Manual Ringdown For Use With Channel Types 2101 & 2153	5.50	$ 9.15
Automatic Ringdown For Use With Channel Types 2101 & 2153	16.50	3.75
E & M Signaling For Use With Channel Type 2153	7.70	9.60
DC Control Circuit, One-Way Signaling For Use With Channel Type 2153	4.95	1.40
Loop Signaling For Use With Channel Types 2101 & 2153	6.60	.35
Requiring on-premises signaling equipment Private Line Terminal Equipment for use where the line terminates in a regular common battery telephone: Lines equipped for ringdown signaling, per termination		2.90
Lines for: Two-way automatic ringdown, per termination		3.30
One-way auto. & one-way ringdown, per termination		2.90
Associated with Interexchange Channels		
Manual Ringdown For Use With Channel Types 2001 & 2053	61.00	17.05

	Installation Charge	Monthly Rate
C4 Private Line Service Equipment		
Voice Communicating Equipment (Cont'd)		
Signaling (Cont'd)		
Associated with Interexchange Channels (Cont'd)		
Automatic Ringdown		
For Use With Channel Types 2001 & 2053	$ 16.50	$ 13.00
E & M		
For Use With Channel Type 2053	83.00	19.25
For Use With Channel Types 2054, 2055 & 2056	16.50	14.05
For Use With Channel Types 2058 & 2059	74.00	16.75
Loop Signaling*		
For Use With Channel Types 2058 & 2059	16.50	9.65
DC Control Circuit - One-Way Signaling		
For Use With Channel Type 2053	89.10	10.35
Signaling - For Use With PBX (or similar) Off-Premises Channels for Company-Provided Equipment or Customer-Provided Equipment		
Signaling Arrangement each, per circuit		
Type A	59.40	32.00
Type B	59.40	26.00
Type C	59.40	21.25
Dial Selector Signaling & Switching		
Key Selector Signaling (Sending), per station	8.90	1.95
Key Selector Signaling (Receiving), per station		8.55
Switching Arrangements		
Interexchange Channel Switching		
Per private line arranged		9.50
Series 6000 Channels		
Same Premises, for 500 feet or fraction thereof		.35

*The customer-provided equipment must supervise up to 1300 ohms.

Substitute

T2.3.13 Suspension of Service
(Customer Premices Products Tariff)

Temporary suspension of service is not allowed for any items of service or equipment offered in the Customer Premises Products Tariff, except Centrex exchange access and dormitory main station number access which may be suspended as described under "Suspension of Service - General Subscriber Services Tariff." If service and/or equipment offered are to be out of use for a period of time, the customer may disconnect such service and/or equipment and charges will cease to apply. However, all appropriate nonrecurring and service charges will be applied upon reconnection.

T8.1.2 Responsibility for Return of Telephone Equipment

With certain exceptions, upon termination or cancellation of service the customer is responsible for the return in good condition, reasonable wear and tear thereof expected, of the telephone equipment listed below. The customer may do so by using the Optional Set Recovery Plan or by mailing in the equipment in prepaid postage material obtained from the Company. Until the customer responsibility is met, the nonrecurring charge set forth below will be billed to the customer. The same charge will be credited when the equipment return responsibility is met. The charge will also be billed when the customer fails to return defective sets in accordance with mail replacement procedures. In all cases, ownership of the equipment does not transfer to the customer upon payment of the charge. Paid charges will be refunded upon customer presentation of proof of payment when the customer subsequently returns the equipment.

The following Unrecovered Telephone Equipment Charges are applicable:

	Nonrecurring Charge
Traditional Non-Button Telephone Set	
-Rotary	$ 30.00
-Touch-Tone®	45.00
Princess® Non-Button Telephone Set	
-Rotary	30.00
-Touch-Tone	55.00
Trimline® Telephone Set	
-Rotary	35.00
-Touch-Tone	50.00

T8.1.2 Responsibility for Return of Telephone Equipment (Cont'd)

The following Unrecovered Telephone Equipment Charges are applicable: (Cont'd)

	Nonrecurring Charge
Traditional Turnbutton Telephone Set	
-Rotary, Wall	$ 50.00
-Rotary, Desk	35.00
-Touch-Tone, Wall	80.00
-Touch-Tone, Desk	65.00
Princess Turnbutton Telephone Set	
-Rotary	70.00
-Touch-Tone	80.00
Touch-a-matic® 12 Adjunct Dialer	70.00
Touch-a-matic 16 Telephone Set	
-Rotary	255.00
-Touch-Tone	265.00
Touch-a-matic 32 Telephone Set	
-Rotary	340.00
-Touch-Tone	370.00
Touch-a-matic 32 Adjunct Dialer	
-Rotary	270.00
-Touch-Tone	320.00
Touch-a-matic S Series Telephone	170.00
The AutoMatic Telephone*	
-Non Remote Set	
-Rotary	320.00
-Pushbutton	340.00
-Remote Set#	
-Rotary	420.00
-Pushbutton	460.00
-Non-Remote Adjunct Unit	280.00
-Remote Adjunct Unit#	380.00
-Additional Pocket Coder*	45.00
TeleHelper**	
-Speakerphone	95.00
-Answer/Record Unit	135.00

	Nonrecurring Charge	Monthly Rate
T8.2 Feature Telephone Sets		
Traditional Set		
-Rotary dial, each		$ 1.60
-Touch-Tone dial, each		2.85
Intercom Only Set		
-Rotary dial, each		1.60
-Touch-Tone dial		2.85

*Trademark of American Telecommunications Corporation
**Trademark of A.T.&T. Company
#Includes one Pocket Coder

	Nonrecurring Charge	Monthly Rate
T8.2 Feature Telephone Sets (Cont'd)		
Princess Set		
-Rotary dial, each		$ 3.10
-Touch-Tone dial, each		4.00
Trimline Telephone Set		
-Rotary dial, each		3.40
-Touch-Tone dial, each		4.55
T8.6 Mobile Telephone Equipment		
Primary Equipment on Mobile Units		
Standard set equipped with all channels of its system at its base station of registry		
(1) 150 MHZ	$200.00	$125.00
(2) 450 MHZ	200.00	125.00
Deluxe control unit installed at the time of the initial installation	27.50	40.25

A nonrecurring charge of $27.50 applies to the installation of a standard control head or a deluxe control head subsequent to the initial installation of the mobile telephone set, except where installation requires the change-out of the existing transmitter/receiver, in which case, the nonrecurring charge for a new installation shall apply.

Supplemental Equipment on Mobile Units (150 and 450 MHZ Bands)

	Nonrecurring Charge	Monthly Rate
Relay control equipment for subscriber owned auxiliary horn or signal lamp		$ 2.30
Gain Type Antenna		2.60
Each channel of a foreign base station added at the time of initial installation*		1.80

* When one or more foreign channels are installed subsequent to the initial installation, a nonrecurring charge of $27.50 shall apply in addition to the monthly rate.

	Nonrecurring Charge	Monthly Rate
T9.6 Interface Arrangements		
Equipment Required to Terminate Customer-Owned and Maintained Circuits		
Four-wire terminating equipment required to interface with customer 4-wire circuit, each	$64.90	$ 12.40
Equipment Required to Connect Unregistered Equipment to Bell Communications Systems		
Music-on-Hold		
For use with Dimension PBX	60.50	2.35
For use with 1A2 Key Telephone Service Com Key 718 or 2152 Systems	44.55	2.20
For use with Horizon Communications System	73.70	2.20
For use with Com Key 416 System, per arrangement	45.10	2.50
Radio Paging, Information Retrieval and Dial Dictation		
For use with 1A2 Key Telephone Service, Com Key 718 or 2152, per arrangement	121.00	16.80
Power Rectifier Option	55.00	8.00
Radio Paging		
For use with Dimension arrangement	165.00	53.35
Touch-Tone Receiver Option	59.40	13.20
Touch-Tone Conversion Option	66.00	11.00
Answer Ports Option (only available for one-way)	70.00	14.50
One-Way Loudspeaker Paging		
For use with Com Key 416	16.50	6.15
For use with Com Key 718 or 2152	16.50	7.35

	Nonrecurring Charge	Monthly Rate
Dial Dictation		
For use with Dimension per arrangement	$209.00	$ 42.90
Touch-Tone conversion option	209.00	19.25
Phone Patch		
For use with any Telephone sets that have Exclusion Keys	54.45	2.55
Dial Dictation		
For use with Horizon	297.00	90.20
Receiver Cabinet Option	110.00	11.30
Auxiliary Power Option	132.00	93.50

APPENDIX B

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8467 DATED October 13, 1982.

The rates and charges in the following sections of the General Subscribers Services Tariff and the Customer Premises Products Tariff shall be increased by 10 percent, and are prescribed for the customers in the area served by South Central Bell Telephone Company in Kentucky.

General Subscribers Tariff

A12 ESSX-1 Service

A12.3.13 Station Line Wiring

A14 Auxiliary Equipment

A14.29 Centrex-CO Tie Line Terminations

A100 Obsolete Service Offerings

A100.64b Centrex-CO I & II Intercom

A100.64b Centrex-CO I - Int & Ext Stas.

A100.64b&c Centrex-CO II - Int & Ext Stas.

A100.64.6 Centrex Toll Diverting Equip.

A100.64.6 Centrex Att. Controlled Conf.

A100.64.6 Centrex Call Forwarding Busy

Customer Premises Products Tariff

T3 PBX Equipment

T3.3.1 PBX Hospitality 200

T3.3D-FI PBX Dimension Feature Charges

T3.3G.a PBX Dimension 100-VTPP

T3.3G.b PBX Dimension 400-VTPP

T3.3G.c PBX Dimension 600-VTPP

T3 PBX Equipment (Con't)

T3.3G.d	PBX Dimension 2000-VIPP
T33J.a	PBX Dimension 100-Eqpt. Chrgs.
T3.3J.b	PBX Dimension 400-Eqpt. Chrgs.
T3.3J.c	PBX Dimension 600-Eqpt. Chrgs.
T3.3J.d	PBX Dimension 2000-Eqpt. Chrgs.
T3.3K	PBX Dimension Move Charges
T3.4	PBX Stations
T3.5.A	PBX PKGD Dimension 100
T3.5.B	PBX PKGD Dimension 400
T3.5.C	PBX PKGD Dimension ECT

T4 Horizon

T4.6	Horizon

T5 Key

T5.1.3	Key-Basic Telephone Service
T5.1.4	Key-Basic Optional Features
T5.2.1-2	Dial Intercom & Signaling
T5.2.3	Dialog Intercom System
T5.3.5	Com Key Nonrecurring Charges
T5.3.6	Com Key 416
T5.3.7	Com Key 718
T5.3.8	Com Key 734
T5.3.9	Com Key 1434
T5.3.10	Com Key Optional Features
T5.3.11	Com Key 2152

T6 Special Services

T6.1.1	SS-AUTOTAS Answering-2 Tier
T6.1.1	SS-AUTOTAS Answering-Non 2 Tier
T6.2.1	SS-Call Distributor-2B Auto
T6.2.1	SS-Call Distributor-4A Model
T6.3.1	SS-Emerg-Industrial Municipal
T6.3.2	SS-Emerg-Wescom 2 Tier
T6.3.3	SS-Emergency Reporting (E911)
T6.4.1	SS-Govt-301A Key
T6.4.2	SS-Govt-310 Key
T6.4.3	SS-Govt-375 Key
T6.4.4	SS-Govt-Panel Mounted Key Set
T6.4.5	SS-Govt-Modular Terminal
T6.4.6	SS-Govt-Target Generator
T6.5.1	SS-Industrial Communication
T6.6.1	SS-50B/51A CPS-Non 2 Tier
T6.6.1	SS-51A CPS-2 Tier
T6.7	SS-80/5 Call Management System

T7 Data

T7.1.2A	Data-100 Series
T7.1.2B	Data-200 Series-Two Tier
T7.1.2B	Data-200 Series
T7.1.2C	Data-Dataphone II
T7.1.2D	Data-400 Series
T7.1.2E	Data-Dataphone Aux. Eqpt.
T7.1.2G	Data-Change Charges
T7.1.3	Data-Local Area
T7.1.4	Data-Dataspeed 40 & 4540

T7.1.5	Data-Teleprinter-Model 43
T7.1.6	Data-Teleprinter-1000
T7.1.7	Data-Electronic Blackboard
T7.1.8	Data-Comm-Stor II
T7.1.9	Data-Visual Display
T7.1.10	Data-Transaction Telephone
T7.1.11	Data-Transaction Printer
T7.1.12	Data-Split Stream Unit
T7.1.13	Data-Multi. Access Interface
T7.1.14	Data-Asyn/Syn Converter
T7.1.15	Data-Duoplexor
T7.1.16	Data-Key Transfer Arrangement
T7.1.18	Data-Multi-Function Telephone
T7.1.20	Data-Electronic Switching
T7.1.21	Data-Portable Comm. For Deaf
T7.1.23	Data-Video Display Terminal
T7.1.24	Data-Service Unit-PL

T8 Sets & Adjuncts

T8.2.4	Sets-Message Waiting
T8.2.5	Sets-One Button
T8.2.6	Sets-Design Line
T8.2.7	Sets-Touch-A-Matic
T8.2.8	Sets-Panel-Non Button
T8.2.9	Sets-Elevator
T8.2.10	Sets-Explosive Atmosphere

T8.2.11	Sets-Outdoor
T8.2.12	Sets-Code-Com
T8.2.13	Sets-Decorator
T8.3	Sets-Automatic Dialer
T8.4	Sets-Automatic Answer & Record
T8.5	Sets-Portable Loudspeaker

T9 Miscellaneous Equipment

T9.5.4	Misc-Seeing Aid Equipment
T9.5.5	Misc-Touch-Tone
T9.5.6	Misc-Touch-Tone to Dial Pulse
T9.5.7	Misc-Message Waiting Lamps
T9.5.8	Misc-P.L. Sampling
T9.5.9	Misc-DND Message Register
T9.5.10	Misc-Switched CKT. Auto. Net. Ter.
T9.7.2	Misc-Conn-Data Terminal
T9.7.3	Misc-Conn-Telephotograph
T9.7.4	Misc-Conn-REC, REPRO, Answer
T9.7.5	Misc-Conn-Dictation Recording
T9.7.6	Misc-Conn-Alarm Detection
T9.7.7	Misc-Conn-Fire Detection
T9.7.8	Misc-Conn-Audible Indicating
T9.7.9	Misc-Conn-PA, Loudspeaker, Page
T9.7.10	Misc-Conn-Voice Trans & Rec
T9.7.11	Misc-Conn-Communications Sys.

T10 Customized Services

T10.1.1	CS-Key Eqpt.-301A-Ft. Campbell
T10.1.2	CS-Small Tower Pack. Owensboro
T10.1.3	CS-Crash Alarm-Ft. Campbell
T10.1.4	CS-Bowman Field Arrangement
T10.1.5	CS-375 Key-FAA-Bowman
T10.1.6	CS-375 Key-FAA-Paducah

T103 Obsolete PBX

T103.1.1	PBX Dimension 100-Non 2 Tier
T103.1.1	PBX Dimension 100-Two Tier
T103.1.1	PBX Dimension 400-Non 2 Tier
T103.1.1	PBX Dimension 400-Two Tier
T103.1.1	PBX Dimension 2000-Non 2 Tier
T103.1.1	PBX Dimension 2000-Two Tier
T103.1.3	PBX 770 Two Tier
T103.1.4	PBX 770 Conventional
T103.1.5	PBX Guest Dial Pak
T103.1.6	PBX Hotel/Motel
T103.1.7	PBX 756
T103.1.8	PBX 756A Dial
T103.1.9	PBX Touch-Speed Dial
T103.1.10	PBX 200 Series
T103.1.11	PBX 300 Series
T103.1.12	PBX Centralized Incoming
T103.1.13	PBX Additions to 701, 711, 740E

T103.1.14	PBX 701A & 711
T103.1.16	PBX 750A & 755A
T103.1.17	PBX Modular 701 Pk
T103.1.18	PBX Status Dial-Two Digit
T103.1.19	PBX 740-SBE Dial
T103.2	PBX Manual Systems

T104 Obsolete Horizon

T104.4	Horizon-Obsolete

T105 Obsolete Key

T105.1	Key 100
T105.2	Key 101
T105.3	Key 6 Button Sets
T105.4	Key 6 Button Card Dialer
T105.5	Key 4A
T105.6.1	Key Manual Signaling
T105.6.2	Key Automatic Signaling
T105.6.3	Key Manual Intercom
T105.6.4	Key Dial Intercom & Signaling
T105.7	Key 20-40 Dial Pak
T105.8	Key SVC Observing (6A, 6B)
T105.9	Com Key-Obsolete Items

T106 Obsolete Special Services

T106.1	SS-Telephone Answering Service
T106.2.1	SS-Call Distributing-Model 40
T106.2.2	SS-Call Distributor-2A

T106.2.3	SS-Call Distributor-Small Auto
T106.3.1	SS-ESSX-Console-50A
T106.3.2	SS-Consoles-Centrex CU
T106.4	SS-CTX CU I & II Intercom
T106.4	SS-CTX CU I-Ext & Int Stations
T106.4	SS-CTX CU II-Extension stats
T106.4	SS-CTX CU Auxiliary Equipment

<u>T107 Obsolete Data</u>

T107.1	Regulations & Charges
T107.1.2A	Data-100 Series
T107.1.2B	Data-200 Series
T107.1.2C	Data-400 Series
T107.1.2D	Data-600 Series
T107.1.2E	Data-800 Series & Aux. Eqpt.
T107.1.2F	Data Set Cabinets
T107.1.2G	Dataphone-Alternate DTWX
T107.1.3	Data-TTY-High Speed
T107.1.4	Data-TTY-Up to 75 Baud
T107.1.5	Data-TTY-Over 75 Baud
T107.1.6	Dataspeed 40
T107.1.7	Data-Teleprinter-SCB 300
T107.1.8	Data-Model 43
T107.1.9	Data-Visual Display
T107.1.10	Data-Transaction Telephone

<u>T108 Obsolete Sets & Adjuncts</u>

T108.2.1	Sets-Princess
T108.2.2	Sets-Trimline
T108.2.3	Sets-Residence Packages
T108.2.4	Sets-Design Line
T108.2.5	Sets-Custom Telephone
T108.2.6	Sets-Explosive Atmosphere
T108.2.7	Sets-Portable
T108.2.8	Sets-Touch-A-Matic
T108.3A	Sets-Automatic Dialer
T108.3B	Sets-Magicall
T108.3C	Sets-Rapidial
T108.4	Sets-Automatic Answer & Record
T108.5	Sets-Alarm Reporting

<u>T109 Obsolete Miscellaneous Eqpt</u>.

T109.1.1	Misc-Cords
T108.1.2	Misc-Forward Calling
T109.1.3	Misc-Illuminated Dial
T109.1.4	Misc-Conference-Loudspeaker
T109.1.5	Misc-Speakerphone
T109.1.6	Misc-Volume Control
T109.2.1-2	Misc-Signaling
T109.2.3	Misc-Bell Chime Ringer
T109.3.1	Misc-PBX Ancillary

T109.3.2	Misc-Operators' Sets
T109.4.1	Misc-Code Calling
T109.4.2	Misc-Interphone-Home
T109.4.3	Misc-Interphone-Farm
T109.4.4	Misc-Interphone-Hospital
T109.4.5	Misc-Microphone & Loudspeaker
T109.4.6	Misc-Paging
T109.4.7	Misc-Service Observing Arrgmt
T109.4.8	Misc-Interphone-Business
T109.5.1	Misc-Conference-Key
T109.5.2	Misc-Tie Line Terminations
T109.5.4	Misc-Message Register
T109.6	Misc-Connecting Arrangements