

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF CONTINENTAL TELEPHONE )  
COMPANY OF KENTUCKY OF AN ADJUST-) CASE NO. 8428  
MENT IN ITS INTRASTATE RATES )

O R D E R

PROCEDURAL BACKGROUND

Continental Telephone Company of Kentucky ("Continental") filed its notice with the Commission on December 29, 1981, proposing to increase its intrastate telephone rates to produce an increase in revenue of \$3,077,719 annually to become effective on January 18, 1982. In this Order, the Commission has increased Continental's rates to produce an increase in revenues of \$912,746 annually.

In order to determine the reasonableness of the proposed rates the Commission by Order dated December 29, 1981, suspended them for 5 months beginning January 18, 1982.

By its Order dated February 10, 1982, the Commission set a public hearing in this matter for May 6, 1982. Continental published notice of the proposed rates and of the date, time and place of the hearing pursuant to the Kentucky Revised Statutes and the Commission's regulations. The hearing was held as scheduled with the Consumer Protection Division of the Attorney General's Office ("AG") being the sole intervenor. Briefs were filed with the Commission by May 26, 1982.

ANALYSIS AND DETERMINATION

Test Period

Continental proposed, and the Commission has accepted, the 12-month period ending September 30, 1981, as the test period in this matter for purposes of determining the reasonableness of the proposed rates. In accordance with Commission policy, pro forma adjustments have been included when found appropriate.

Valuation Methods

Net Investment

Continental proposed a Kentucky intrastate net investment rate base of \$51,325,544<sup>(1)</sup> at September 30, 1981. The Commission has accepted this rate base with one exception. Continental proposed an adjustment to its depreciation expense but failed to reflect this adjustment in its reserve for depreciation. Thus, the Commission has increased Continental's reserve for depreciation by \$428,436 on an intrastate basis.

Therefore, the Commission finds the appropriate Kentucky intrastate net investment rate base in this matter to be \$50,946,842 at September 30, 1981, calculated as follows:

Telephone Plant in Service	\$73,426,645
Construction Work in Progress	2,618,770
Materials and Supplies	<u>421,749</u>
Subtotal	\$76,467,164

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(1) Prestwood Exhibit, Schedule 3, Page 1 of 2.

Less:

Accumulated Depreciation Reserve	\$18,106,227
Accumulated Deferred Income Taxes	<u>7,414,095</u>
Subtotal	\$25,520,322
Net Investment	<u>\$50,946,842</u>

The Commission is aware of other methods of valuation than those which were included in the evidence of record. The Commission has, however, given due consideration to all elements of value as required by Kentucky law in determining rates which are fair, just and reasonable.

#### Revenues and Expenses

Continental had intrastate net operating income of \$4,086,409<sup>(2)</sup> for the test period. In order to reflect current operating conditions Continental proposed several adjustments to revenues and expenses that resulted in an adjusted test period net operating income of \$4,412,200.<sup>(3)</sup> The Commission finds these adjustments generally to be proper, and they have been adopted as proposed with the following exceptions:

#### Toll Service Revenues

Continental and South Central Bell ("SCB") use the cost method for determining Continental's share of toll revenues generated by the Kentucky intrastate toll network. Under this

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(2) Staff Request No. 1, Item 1A, Page 3 of 4.  
(3) Prestwood Schedule 2, Item 1.

method, Continental receives from SCB its actual intrastate toll operating expenses plus a return on its Kentucky intrastate toll rate base equal to the return achieved by SCB on SCB's intrastate rate base ("settlement ratio").

Continental proposed an adjustment to increase its interstate/intrastate toll service revenues by \$1,226,794.<sup>(4)</sup> The intrastate portion of this adjustment is \$872,842, determined by taking the difference between adjusted intrastate toll service revenue and test period intrastate toll service revenue.<sup>(5)</sup>

Continental's proposal was calculated based on a projected settlement ratio of 9.1 percent. The 9.1 percent is the return SCB earned on its investment during the 12 months ended September 30, 1981, and is currently the interim settlement ratio SCB is using in its toll settlement with Continental. SCB annually reviews its settlement ratio and adjusts any differences arising from differences in interim settlements with Continental.

In August of 1981, SCB was granted a general rate increase, only 2 months of which is reflected in Continental's projected settlement ratio. Moreover, the calendar year 1981 was a period of unusual changes in accounting policy and depreciation rates for SCB. Because of timing differences in the booking of

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(4) Prestwood Schedule 2, Item 4, Page 1 of 3.

(5) Staff Request No. 1, Item 1A, Page 1 of 4, and Prestwood Schedule 2, Item 4, Page 1 of 3.

increased expenses and the granting of rate increases to offset the increased expenses, SCB achieved lower monthly rates of return than would ordinarily have been experienced. In the Commission's Order in SCB's rate case, Case No. 8150, entered in August 1981, SCB was granted revenues to offset the increase in expense from the first phase in the expensing of station connections, yet SCB booked the expense retroactively beginning January 1, 1981. Further, SCB retroactively booked increased depreciation expenditures for the full calendar year 1981 in the month of December 1981, while the Commission increased SCB's rates effective January 1, 1982, to offset the increased expense on a prospective basis. Thus, the Commission is of the opinion that the toll settlement ratio for the 12 months ending September 30, 1981, is not indicative of the expected future annual settlement ratio with SCB, and moreover that the calendar year 1981, including the months subsequent to the Commission's Order in Case No. 8150 entered in August 1981, is not appropriate to use in the determination of the expected settlement ratio for Continental.

Therefore, in order to reflect a more reasonable estimate of the expected settlement ratio, the Commission has used SCB's annualized actual average intrastate rates of return for the first 3 months of 1982 of 11.09 percent <sup>(6)</sup> which represent the

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(6) Supplied by South Central Bell in a letter to the Commission received on June 11, 1982.

most recent information available on SCB's earnings and reflect a proper matching of revenue following recent rate increases and the expenses which gave rise to the increased rates. Using Continental's methodology and incorporating other Commission adjustments to operating expenses, income tax deductions and tax rates, the Commission has increased Continental's intrastate toll service revenue by \$380,003. This adjustment has the effect of increasing Continental's intrastate net operating income by \$192,890.

#### Employee Concession Service

In its application Continental reduced its requested intrastate revenue requirement by the amount of employee discounts on local service of \$28,294.<sup>(7)</sup> The Commission is of the opinion that it is more appropriate to reflect the effect of charging employees for local service by including the adjustment in operating revenues rather than reducing the proposed increase by this amount. Therefore the Commission has increased Continental's intrastate operating revenues by \$28,294, which has the effect of increasing Continental's net intrastate operating income by \$14,362.

#### Directory Advertising

Continental proposed to eliminate directory advertising revenues of \$574,937 and directory advertising expenses of

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(7) Prestwood Schedule 4.

\$331,090.<sup>(8)</sup> In support of this proposal Continental stated that Yellow Page advertising is competitive and not a part of its regulated monopoly service. Moreover, Continental contended that, "In view of the federal policy of fostering competition in all areas of the telephone business which are not required to be monopolistic, now would seem to be the time to recognize that revenue from competitive directory advertising should not be required to be used to subsidize rates for monopolistic telephone service."<sup>(9)</sup>

While it is true that the Commission does not regulate the prices Continental charges for advertisements in the Yellow Pages, the Commission does in fact require all telephone companies annually to publish and provide a directory to all their subscribers listing telephone numbers and addresses of the subscribers as a part of their basic exchange service. The Yellow Pages published and distributed concurrently with the standard exchange directory are a direct result of the phone companies' access to the subscriber lists. Moreover, the very high profit margins from Yellow Page advertising suggest that Yellow Page advertising is more monopolistic than competitive. It appears to the Commission that a substantial number of advertisers see great

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(8)  $(\$340,841 + \$1,247 + \$620) \times 96.61\% = \$331,090.$

(9) Continental's Brief, filed May 25, 1982, Page 4.

potential benefit from an advertisement in a codified listing attached to the basic exchange directory and distributed to all exchange customers as a standard calling reference. This is an advantage competitive directory advertising companies cannot offer and is a function of basic exchange telecommunications service. Further, the accounting rules and regulations of the Federal Communications Commission ("FCC") (to which this Commission substantially subscribes in its reporting regulations for telephone companies) include directory advertising revenues and expenses "above the line."

Therefore, the Commission is of the opinion that it is well within its authority to include directory advertising revenue in determining the revenue requirements of a telephone company; thus, the Commission has increased Continental's adjusted operating income by \$123,776.

#### Salaries and Wages

Continental proposed to increase its payroll expense by \$639,099.<sup>(10)</sup> This increase was based on a proposed wage increase of 11 percent to be granted its employees in January and February of 1982 and 1983.<sup>(11)</sup> The proposed increase was later decreased to \$569,533 to reflect the actual wage increases granted in 1982.<sup>(12)</sup>

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(10) Prestwood Schedule 2, Item 7.

(11) Prestwood Prefiled Testimony, Page 13.

(12) Revised Prestwood Schedule 2, Item 1.



At the Commission's request, Continental provided its  
criteria used in determining the proposed wage increases. (13)  
Continental cited current economic trends as one factor deter-  
mining wage increases. Current economic trends indicate a con-  
tinued decrease in the rate of inflation with no predictable  
abatement of the already record high unemployment rate. National  
trends in wage negotiations as evidenced by the recent wage  
settlements of General Motors and the Ford Motor Company with the  
United Auto Workers and the Teamsters Union show that workers cur-  
rently are more concerned with job security than with the large  
wage increases formerly of paramount concern.

Another factor in Continental's determination of wage  
increases is employee retention. Given the current economic  
conditions described above, as well as SCB's announcement that in  
recent months it has reduced its work force by over 1,000 in-  
dividuals, the Commission is of the opinion that Continental  
would not suffer substantial losses of personnel should it choose  
to place more emphasis on job security and noncash benefits  
than on large wage increases, especially since a review of the  
salaries currently being paid by Continental shows them to be  
commensurate with those of other telephone companies under the  
Commission's jurisdiction.

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(13) Staff Request No. 2, Item 1.

The salary committee which makes recommendations used by Continental in determining the amount of wage increases to be given meets in November or December. <sup>(14)</sup> Continental has no salary contracts with its employees. <sup>(15)</sup> Therefore, the Commission is of the opinion that the proposed 1983 wage increases presently appear unreasonably high, are neither known nor measurable and should be rejected. Thus, the Commission has reduced Continental's wage adjustment by \$224,966. <sup>(16)</sup> This adjustment reduces Continental's intrastate maintenance expenses by \$124,210, traffic expenses by \$29,319, commercial expenses by \$29,802, and increases its general office expense by \$4,151. <sup>(17)</sup> This has the effect of increasing Continental's intrastate net operating income by \$90,951. Moreover, the Commission puts Continental on notice that if in January 1983 Continental grants a wage increase which the Commission determines to be excessive, the Commission will take appropriate action to assure that the customers of Continental will not bear that portion of the wage increase found to be excessive.

#### Payroll Taxes

The Commission has adjusted Continental's pro forma payroll taxes to reflect the effect of the Commission's rejection of

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- (14) Testimony of Mr. Darden at the May 6, 1982, hearing.
  - (15) Staff Request No. 1, Item 33.
  - (16)  $\$569,533 \times 39.5\% = \$224,966$ . Hearing Data Request, Witness No. 2, Item 3.
  - (17) These amounts were determined by Continental's allocation of this item to its expense accounts, times the applicable separation factors.

the 1983 wage increase. The Commission has further adjusted this expense to take into consideration the law enacted by the Kentucky General Assembly in its 1982 session, which increases the base for computing the employer's applicable payment from the first \$6,000 to the first \$8,000 of an employee's earnings. Therefore the Commission has increased Continental's intrastate payroll tax expense by \$1,471 which reduces its adjusted intrastate net operating income by \$747.

#### Property Taxes

The Commission has reduced Continental's adjusted property taxes by \$4,694 to reflect the inclusion of the increase in Continental's depreciation expense in its reserve for depreciation. This adjustment increases Continental's adjusted intrastate net operating income by \$1,931.

#### Institutional Advertising

Under the regulations of the Commission, institutional advertising expenses or expenses for advertising made to strengthen corporate image are not valid expenses for rate-making purposes. Therefore, the Commission has reduced Continental's intrastate operating expenses by \$16,621 to eliminate Continental's institutional advertising expenses incurred during the test period. This adjustment increases Continental's adjusted intrastate net operating income by \$8,437.

### Other Expenses

Continental included in its operating expenses, \$446 for charitable contributions and \$3,815 for lobbying expenses allocated by its parent corporation, the intrastate amount of which is \$3,092.<sup>(18)</sup> It is the Commission's policy to require these expenses to be borne by the stockholders of a utility and not the ratepayers. Therefore, the Commission has disallowed the intrastate portion of these expenses for rate-making purposes. This adjustment increases Continental's intrastate net operating income by \$1,795.

### Tax Effect of Increased Debt Costs

Continental proposed total debt charges of \$2,095,409 on an intrastate basis for the period ending September 30, 1981. The amount of debt charges provided for herein is \$2,209,560,<sup>(19)</sup> a difference of \$114,151. The income tax reduction of this difference is approximately \$56,208, which the Commission finds is the appropriate adjustment to intrastate net operating income.

### Income Tax Expense

Continental computed its adjusted state income taxes using an erroneous state income tax rate of 5.8 percent rather than the correct tax rate of 6 percent. Recomputing Continental's pro forma state income taxes on an intrastate basis the Commission

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(18)  $\$3,815 \times .8104 = \$3,092.$

(19)  $\$50,946,842 \times 54.76\% \times 7.92\% = \$2,209,560.$

has determined that Continental's state income tax should be \$240,841 on an intrastate basis, an increase of \$6,786. The Commission has further adjusted Continental's pro forma federal income tax to take into consideration the above adjustment to state income taxes and moreover has adjusted tax expense to reflect the lower rates applicable to the first \$100,000 of federal taxable income. Therefore, the Commission has adjusted Continental's federal income tax from \$1,552,202 to \$1,529,330, a reduction of \$22,872. The total reduction in income taxes on an intrastate basis is \$16,086.

#### Deferred Tax Excess

At the hearing in this matter, the AG requested information on excess deferred taxes that arise as a result of the reduction in the corporate tax from 48 to 46 percent. This reduction in corporate tax rate was part of the Revenue Act of 1978 effective January 1, 1979. In its response, Continental stated that the excess deferred taxes are \$308,218.

In its brief, the Attorney General urged the Commission to amortize the excess deferred taxes over 5 years. The increase in Kentucky combined net income would be \$61,644 and in Kentucky intrastate net income, \$49,734 ( $\$61,644 \times 80.68\%$ ). Continental did not provide direct testimony on this issue nor address it in its brief.

The federal tax laws require regulatory commissions to normalize, for rate-making purposes, the income tax effects of

differences between book and tax depreciation arising from use of accelerated depreciation for tax purposes. Thus, in the initial years of an asset's life the book tax expense for rate-making purposes is greater than the actual federal tax liability. In the later years the book tax expense is less than the actual tax liability. Thus the income taxes deferred on differences between book and tax depreciation prior to January 1, 1979, were provided at a 48 percent tax rate. Based on existing tax rates, the actual tax liability will be paid at a 46 percent tax rate when these differences reverse.

The theoretical argument for providing deferred taxes is that the ratepayer should be required to pay a normalized level of income tax expense through rates. The normalized level is based on the tax rate in effect at the time the deferral occurs. An assumption inherent in computing the amount of deferred taxes provided is that the tax rate will remain at 48 percent. This has not in fact occurred. Thus, the difference between the amount deferred at the 48 percent rate and the amount to be paid at the 46 percent rate can, at this point in time, be characterized as excess deferred taxes.

Based on the foregoing analysis, the Commission concludes that the AG's recommendation should be adopted. Therefore, the Commission will increase intrastate net operating income by \$49,734.

The AG recommends that a corollary adjustment be made to reduce accumulated deferred taxes to recognize 1 year's amortization. The effect of this recommendation is an increase in rate base of \$49,734. The adjustment proposed by the AG is consistent with the adjustment the Commission makes to bring depreciation expense and depreciation reserve to an end of period level. Therefore, the Commission concludes that the AG's recommendation to decrease the deferred tax reserve account by an amount equal to the amortization for the first year should be accepted.

The Commission notes that if the tax rate is increased in the future, equity will demand that any deficiency in the deferred tax reserve will have to be provided through rates at that time.

#### SUMMARY OF ADJUSTED OPERATING INCOME

The Commission has determined from the record that the adjusted intrastate operating income, as proposed by Continental, is \$4,412,200.<sup>(20)</sup> After giving effect to the adjustments described above, the Commission finds that the appropriate intrastate adjusted operating income level is \$4,967,623.

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(20) Prestwood Schedule 2, Item 1.

### RATE OF RETURN

Continental's witness, Dr. Charles E. Olson, proposed to use the capital structure for Continental at September 30, 1981. (21)

He proposed an embedded cost of debt at September 30, 1981, of 7.92 percent, (22) and an embedded cost of preferred of 9.43 percent. (23)

The Commission is of the opinion that the September 30, 1981, capital structure of 54.76 percent debt, 2.47 percent preferred stock, and 42.77 percent common equity and the embedded costs of 7.92 percent for debt and 9.43 percent for preferred stock are reasonable and should be adopted for the purpose of determining the cost of capital in this case. The Commission has determined that using this capital structure and these cost rates reflects Continental's current capital costs.

Dr. Olson recommended a rate of return on common equity of 17.5 percent to 18.5 percent. His recommendation was based on a discounted cash flow analysis of Continental Telephone Corporation ("CTC"), Continental's parent. As checks of the reasonableness of his cost of equity estimate, Dr. Olson performed a discounted cash flow analysis on American Telephone and Telegraph Company ("AT&T") stock and an interest premium analysis.

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(21) Olson's prefiled testimony, Page 11, line 14.

(22) Transcript of Evidence ("T.E."), May 6, 1982, Page 133.

(23) Olson's prefiled testimony, Page 31, line 3.



The Commission notes several deficiencies in Dr. Olson's testimony. He did not include a comparable earnings analysis. In 1944 in the Hope Natural Gas Company case, the U.S. Supreme Court set forth two criteria for determining a fair rate of return. The return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital. (24) Dr. Olson has relied on the capital attraction standard and his discounted cash flow analysis.

Dr. Olson's interest premium analysis uses current interest rates. In the Order on rehearing in General Telephone Company, Case No. 8045, dated September 4, 1981, the Commission stated that it was not convinced that the cost of common equity will at every point in time exceed the current cost of long-term debt and that a valid use of the risk premium method requires the examination of appropriate bond issues over a sufficient period of time to correct for abnormalities within that period. The Commission is of the opinion that Dr. Olson's interest premium analysis in this case is inappropriate because it does not correct for market abnormalities, and should not be relied upon in determining a fair rate of return on equity.

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(24) FPC v. Hope Natural Gas Co., 320 U.S. 591, 603 (1945).

Dr. Olson included a 5 percent adjustment for financing costs plus an additional adjustment of 5 percent to 10 percent for capital market fluctuations. This additional premium was included so that common stock could be sold to yield net proceeds above book value even when the stock market is down. Shareholders are as likely to benefit from up markets as they are to suffer from down markets. A higher return on equity to allow common equity financing with net proceeds above book value under even adverse market conditions would unduly enrich shareholders at ratepayers' expense.

The dividend growth rate estimate of 7.5 percent to 8.0 percent in Dr. Olson's DCF analysis is based on his review of CTC's past growth. It is above CTC's past dividend growth rate.<sup>(25)</sup> Dr. Olson supported this upward adjustment on the basis that earnings have increased at a more rapid rate over the past 6 years and that, in his opinion, it is reasonable to expect some increase in equity rate of return levels. However, the growth in CTC's earnings over the past 6 years has been increased by a 5.6 percent rate of growth in achieved rate of return on equity.<sup>(26)</sup> In the Commission's opinion, it is unreasonable to expect this rate of growth in rate of return to continue indefinitely. As a comparable situation, Dr. Olson testified that

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(25) Olson Exhibit, Schedules 5 and 7.

(26) T.E., May 9, 1982, Page 129.

AT&T's realized rate of return on equity could not continue to rise at the 4.1 percent rate of growth experienced over the past 10 years.<sup>(27)</sup> Dr. Olson did not support his growth rate estimate with any alternative formal analysis such as the retention ratio times the return on book value (R times B) method.

Dr. Olson's analysis of CTC common stock concludes that the resulting cost of equity capital is between 18.2 percent and 19.6 percent.<sup>(28)</sup> CTC's common stock is selling at a market price above book value. Dr. Olson testified that a market to book ratio of 1 indicates that investors expect the company to earn its cost of capital.<sup>(29)</sup> CTC's rate of return on average common equity has been in the 14 percent to 15 percent range since 1978 and was lower before that.<sup>(30)</sup> The logical conclusion of Dr. Olson's testimony is that investors expect CTC to achieve rates of return on equity at least 30 percent higher than current and recent levels. The Commission is of the opinion that such a conclusion is unreasonable and not supported by the record.

As no evidence was presented on comparable earnings, the Commission will rely primarily on the capital attraction standard

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(27) Olson's prefiled testimony, Page 24, and T.E., May 9, 1982, Page 128.

(28) Olson's prefiled testimony, Pages 29 and 30.

(29) T.E., May 9, 1982, Page 114.

(30) Response to Staff Request No. 1, Item 28B, and T.E., May 9, 1982, Page 121.

of Hope and Bluefield.<sup>(31)</sup> CTC had four common stock issues from 1977 through the test year. In each case net proceeds per share exceeded current book value per share. CTC's achieved rates of return on average common equity for that period ranged from 12.97 percent to 14.64 percent.<sup>(32)</sup>

The cost of common equity has increased throughout most of that period. Investors may anticipate further increases. However, the rate of inflation has declined since the end of the test year. Further, Dr. Olson testified, and the Commission agrees, that the cost of common equity to Continental is below that indicated for CTC.<sup>(33)</sup>

Continental's common equity ratio of 42.77 percent is higher than in the past and is significantly higher than CTC's consolidated ratio of 36.63 percent.<sup>(34)</sup> Therefore, in determining a range of returns on equity applicable to Continental, the Commission has adjusted the 12.97 percent to 14.64 percent range achieved by CTC to reflect current market conditions and Continental's lower financial risk.

The Commission is of the opinion that a range of returns on equity of 13.5 percent to 15 percent is fair, just and reasonable. The Commission has determined that a return in this range

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(31) FPC v. Hope Natural Gas Co., 320 U.S. 591 (1945), and Bluefield Water & Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 1176 (1922).

(32) Response to Staff Request No. 1, Item 28B.

(33) Olson testimony, Page 30.

(34) Response to Staff Request No. 1, Item 25C.

would not only allow Continental to attract capital at reasonable costs to insure continued service and provide for necessary expansion to meet future requirements, but also would provide for the lowest possible cost to the ratepayer. Within this range of returns the Commission finds that a return on common equity of 14.25 percent will allow Continental the best opportunity to attain the above objectives.

#### Authorized Increase

The additional revenue required based on the rate of return found fair herein is computed as follows:

Adjusted Net Operating Income	\$4,967,623
Net Operating Income Found	
Reasonable	5,430,933
Deficiency	463,310
Deficiency Adjusted for Taxes (.5076)	912,746

#### Direct Sales

During cross-examination of Continental's witnesses, it was revealed that Continental is engaged in the unregulated sale of single-line instruments. Continental testified that it had received authorization from this Commission to sell single-line instruments on a detariffed basis. However, Commission investigation has revealed that no authorization has been granted to Continental.

The Commission is aware of the competitive market for terminal equipment and of customer demand for the telephone utilities to sell terminal equipment. The Commission has been responsive to these conditions in cases involving other telephone

utilities (e.g., General Telephone Company of Kentucky, Case No. 8258, and Allied Telephone Company of Kentucky, Case No. 8456) by allowing these utilities to sell terminal equipment on a de-tariffed basis. Indeed, Continental previously has been authorized to sell multi-line terminal equipment (Key and PBX systems) in an unregulated environment.

However, Continental had not requested authority from this Commission, and therefore did not have the authority, to sell single-line instruments on a de-tariffed basis. The Commission advises Continental that it will not permit disregard of its established procedures in the future.

The Commission has determined that no useful purpose would be served by taking punitive action against Continental in this case. However, since it is clear that Continental's ratepayers do not stand to benefit from profits if the unregulated portion of the business is successful, Continental must realize that its ratepayers will not subsidize the unregulated business in any way, nor be responsible for losses which may occur.

Continental failed to provide a satisfactory explanation of its allocation of expenses for its unregulated sales program. Therefore, while the Commission will allow Continental to sell single-line terminal equipment, Continental must develop and present specific procedures for proper cost allocations between the regulated and unregulated portions of its operations. The Commission will allow Continental a period of 4 months to develop and present these procedures.

At the end of that period, the Commission will conduct a thorough and careful review of Continental's procedures to determine their reasonableness. Following that review, and further public hearing if necessary, an Order will be issued, at which point Continental may be required to make retroactive adjustments to its books if any allocation procedures are found unreasonable. The Commission has determined certain guidelines, specified in the findings of this Order, which should be adhered to by Continental in developing its allocation procedures.

#### RATE DESIGN

Continental proposed rate and tariff design changes involving the eventual elimination of the Cumberland Exchange as a special rate group; the addition of local and long distance operator verification and interruption service; concurrence with the interexchange channel mileage, local exchange channel mileage, and terminal equipment rates and charges contained in SCB's Private Line Service Tariff, in cases of joint or intercompany-provided private line service; and the tariff deletion of various items of obsolete terminal equipment.

#### Cumberland Exchange

Continental purchased the Cumberland Telephone Company ("Cumberland") in 1974 and merged operations in 1978. At that time, Continental adopted Cumberland's local exchange service rate schedule without rate design adjustments.

In this case, Continental has proposed to eliminate the Cumberland Exchange as a special rate group and include it as a part of rate group three. The Commission agrees with this objective and believes it should be accomplished in a uniform manner. Rate design differences between the Cumberland Exchange and other exchanges in Continental's local exchange service rate group three should be eliminated gradually, so that no unnecessary rate burden is placed on customers in the Cumberland Exchange. However, under Continental's proposal, the Cumberland Exchange rates would be set at varying percentages of rate group three rates. Therefore, the Commission has modified Continental's request and established the Cumberland Exchange rates at 75 percent of rate group three exchange rates.

Operator Verification and Interruption Service

The Commission, in Case No. 8150, Notice of South Central Bell Telephone Company of an Adjustment in its Intrastate Rates and Charges, authorized SCB to implement local and long distance operator verification and interruption service. This allowed SCB to recover an identifiable service cost and reduce the revenue burden allocable to local exchange service. The Commission concludes that allowing Continental to concur in these changes is consistent with its treatment of SCB, accomplishes the same objective, and results in desirable tariff uniformity.



### Private Line Service

Private line service is generally provided jointly by SCB, as the dominant private line carrier in Kentucky, and another operating company, and charged at SCB rates. This approach results in intercompany rate uniformity (such as exists with toll service), consistent administration, and a simplified settlements process. The Commission supports these objectives and concludes that rate uniformity and consistent administration will significantly reduce the complexity of the tariff for the intercompany private line customer.

### Detariffed Terminal Equipment

The terminal equipment that Continental proposed to discontinue is not in service and therefore need not be included currently in its tariff. However, if any discontinued terminal equipment is returned to service, it should be tariffed on a current cost basis.

### Service Charges

Continental has a multi-element service charge rate structure that relates service charge and service function. As a result, a customer is charged according to the service performed, such as a service order, premises visit, or equipment work.

The Commission has consistently endorsed multi-element service charge rate designs as the most equitable and economical means to recover expense associated with the installation and rearrangement of telephone service. Indeed, at the present time,

the Commission encourages greater refinement of service charge rate structures. In part, this is a consequence of the expensing of station connections. It also reflects the Commission's objective of placing service charges on a fully-allocated cost basis.

In this case, Continental proposed to increase service charges substantially, especially for residential customers. The AG has objected to both the magnitude of Continental's service charge request and the distribution of the increase between business and residential customers.

Cost data furnished to the Commission show that the proposed service charges are not compensatory, either on an individual basis or in the aggregate. This results in local and other exchange service rates that are marginally higher than necessary. In other words, the installation and rearrangement of telephone service is subsidized. It is the policy of the Commission to reduce and eventually eliminate that subsidy, in an orderly manner and consistent with the public interest, including the public policy objective of universal service. The Commission recognizes that this policy will result in higher service charges. However, the Commission is also of the opinion that telephone companies should permit customers to pay service charges in installments. This policy was established in Case No. 7774, Notice of South Central Bell Telephone Company of an Adjustment in its Intrastate Rates and Charges, and Case No. 8045, Adjustment of Rates of General Telephone Company of Kentucky, and Continental provides this option in its tariff.

The Commission is of the opinion that the following actions are necessary concerning service charges: First, the Commission has adjusted Continental's proposed rates to produce more revenue from service charges than Continental requested. This action reduces the amount of subsidy and thus the revenue requirement from local and other exchange services. It also accelerates Continental's achievement of fully compensatory service charges.

Second, the Commission has altered Continental's service charge rate structure to disaggregate central office and access line work. At the present time, the two service functions are melded into a single charge although not all customers require both services. The Commission's action will allow Continental to recover more of the expense associated with the installation and rearrangement of telephone service, and thus reduce the revenue requirement from local and other exchange service.

Third, the Commission is of the opinion that in the future Continental should file a service charge rate structure more consistent with recent Commission Orders in other telephone utility cases. In particular, Continental should consider the future disaggregation of service charges based on service function and incorporate the time and materials impact of service activity in excess of the average used in rate design.

#### Other Issues

The Commission notes that the AG objected to the amount of Continental's proposed increase to local exchange service. The

Commission has increased service charges to more nearly reflect cost. This reduces the amount of the increase placed on local exchange service and is consistent with the Commission's policy of moving to cost-based rates for service connection charges. In addition, the AG objected to relatively modest increases in certain categories of other exchange service and obsolete service offerings. The Commission has also reduced the revenue request in these areas. However, the Commission has designed rates for miscellaneous and obsolete service and equipment, i.e., service and equipment no longer available to new customers on a tariffed basis, that will produce a rate of return on vertical terminal equipment which is fully compensatory.

The increase to each category of service is summarized below:

Local Exchange Service	\$143,144
Other Exchange Service	613,974
Obsolete Service	<u>155,628</u>
Total	\$912,746

#### FINDINGS AND ORDER

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

(1) The rates proposed by Continental would produce revenues in excess of those found reasonable herein and should be denied upon application of KRS 278.030.

(2) The rates and charges in Appendix A are the fair, just and reasonable rates and charges for Continental to charge its customers for telephone service.

(3) Continental's marketing, on a detariffed basis, of single line terminal equipment should be allowed, subject to the condition that Continental develop specific procedures for cost allocation subject to the following guidelines:

- (a) The allocation of employee time should be based either on an accounting of all time, or in the alternative, that the proposed process be reversed. Time studies would be used to allocate time spent in the regulated business, with all other time, including idle time, being charged to the unregulated portion of the business;
- (b) Any costs of training or hiring new personnel prior to this Order should be fully allocated to the unregulated business;
- (c) A minimum monthly rental of warehouse, business office, and retail outlet space should be charged to the unregulated business, with additional rental insurance, security, and costs of site selection and negotiation charged based on sales revenues, according to current leasing prices and practices;
- (d) Phonecenter advertising costs should be allocated to the unregulated business;
- (e) Financing costs of potential deferred instrument payment plans should be allocated to the unregulated business;
- (f) Where doubt of proper cost allocation exists, the allocation should be made to the unregulated portion of the business.

(4) Continental should be given a period of 4 months to develop specific cost allocation procedures using these guidelines, after which those procedures should be filed with the Commission for review.

(5) The Cumberland Exchange rates should be established at 75 percent of rate group three exchange rates.

(6) Continental should be allowed to concur in the local and long distance operator verification and interruption service rates of SCB.

(7) Continental should be allowed to concur in the rates charged by SCB for jointly-provided private line service.

(8) Continental's proposal to detariff certain terminal equipment not presently in service should be approved and any of this equipment returned to service should be tariffed at current cost.

(9) Continental's proposed service charges should be increased to more nearly reflect cost; its rate structure should be altered to provide separate charges for central office and access line work; and Continental should file unbundled service charges by service function which consider fully the time and materials for each service activity.

(10) The increase in local exchange service rates granted herein is reasonable. Local exchange rates reflect fully the Commission's policy of moving to cost-based rates for service connection charges and its requirement that vertical terminal equipment provide a return which is fully compensatory.

IT IS THEREFORE ORDERED that the proposed rates and charges in Continental's notice of December 28, 1981, be and they hereby are denied.

IT IS FURTHER ORDERED that Continental be and it hereby is authorized to place into effect the rates and charges in Appendix A for all service rendered on and after June 18, 1982.

IT IS FURTHER ORDERED that, effective with the date of this Order, Continental be and it hereby is authorized to market, on a detariffed basis, single-line terminal equipment in accordance with findings no. (3) and (4) of this Order.

IT IS FURTHER ORDERED that Continental shall maintain its accounts for detariffed terminal equipment according to the amendment to part 31 of the Uniform System of Accounts for Class A and B Telephone Companies, as set out in the FCC's Order in Docket No. 79-105 released March 31, 1981.

IT IS FURTHER ORDERED that subaccounts under Miscellaneous Income-Account 31.316 shall be kept in sufficient detail to show the following categories of expense with respect to the sale of non-tariffed equipment:

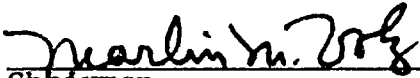
1. Canvassing and demonstrating non-tariffed telephone equipment for the purpose of selling or leasing.
2. Demonstrating and selling activities in sales room.
3. Installing non-tariffed leased or customer-owned equipment.
4. Preparing advertising materials for non-tariffed equipment lease or sales purposes.
5. Receiving and handling orders for the sale, lease, installation and maintenance of customer-owned or leased non-tariffed telephone equipment.
6. Cleaning and tidying sales rooms.
7. Maintaining display counters and other equipment used in non-tariffed telephone equipment merchandising.
8. Arranging merchandise in sales rooms and decorating display windows.
9. Reconditioning repossessed and returned non-tariffed equipment.

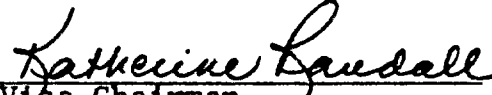
10. Bookkeeping and other clerical work in connection with non-tariffed telephone equipment sales and leasing activities.
11. Supervising non-tariffed telephone equipment sales and leasing activities.
12. Repair and maintenance of customer-owned or leased non-tariffed equipment.
13. Advertising in newspapers, periodicals, radio, television, etc.
14. Cost of merchandise sold and of materials used.
15. Stores expenses on non-tariffed telephone equipment stocks held for sale or lease.
16. Fees and expenses of advertising and commercial artists' agencies.
17. Printing booklets, dodgers, and other advertising data.
18. Premiums given as inducement to buy or lease non-tariffed telephone equipment.
19. Light, heat and power.
20. Depreciation on equipment used for installation, repair or maintenance of customer-owned or leased non-tariffed telephone equipment.
21. Rent of sales rooms or of equipment.
22. Transportation expense in delivery and pick-up of customer-owned or leased non-tariffed equipment.
23. Stationery and office supplies and expenses.
24. Losses from uncollectible accounts associated with the sale and lease of non-tariffed telephone equipment.
25. Any other pertinent categories of expense.


IT IS FURTHER ORDERED that within 20 days of the date of this Order, Continental shall file its tariff sheets setting forth the rates approved herein.

Done at Frankfort, Kentucky, this 18th day of June, 1982.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

\_\_\_\_\_  
Secretary



APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 8428 DATED JUNE 18, 1982.

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

GENERAL EXCHANGE TARIFF

LOCAL EXCHANGE SERVICE

VI. MONTHLY ACCESS LINE RATES

The rates specified herein, with mileage charges when applicable to service furnished outside the base rate area of an exchange, entitle subscribers to an unlimited number of messages to all sets bearing the designation of central offices within the serving exchange and additional exchanges as shown in V., Local Calling Areas, of this Section. The grades of service shown may not be available in all exchanges in each rate group.

Access Line	Rate Group					
	1	2	3	4	5	6
<u>Business</u>						
1-Pty.	\$20.10	\$20.60	\$21.10	\$21.55	\$22.05	\$22.50
4-Pty.	13.40	13.75	14.05	14.30	14.60	14.90
<u>Business</u>						
Trunk	55.65	56.90	58.05	59.35	60.50	61.75
Key Line	42.35	43.30	44.35	45.30	46.25	47.20
Semi-public	33.40	34.15	34.85	35.60	36.30	37.05
Multi-Line	30.15	30.90	31.65	32.30	30.05	33.75
<u>Residence</u>						
1-Pty.	11.75	12.05	12.35	12.50	12.95	13.30
4-Pty.	9.10	9.25	9.55	9.70	9.95	10.10
Key Line	25.15	25.70	26.35	26.65	27.50	28.20
Multi-Line	17.65	18.10	18.55	18.75	19.40	19.95

GENERAL EXCHANGE TARIFF

LOCAL EXCHANGE SERVICE

VI. MONTHLY ACCESS LINE RATES - (continued)

	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>Special*</u>
<u>Business</u>						
1-Pty.	\$23.05	\$23.55	\$24.05	\$24.55	\$25.00	\$15.80
2-Pty.						13.90
4-Pty.	15.15	15.50	15.70	16.00	16.35	10.45
<u>Business</u>						
Trunk	63.05	64.30	65.50	66.70	67.90	43.55
Key Line	48.25	49.30	50.25	51.20	52.15	33.25
Semi-public	37.85	38.60	39.35	40.00	40.75	26.15
Multi-line	34.55	35.30	36.05	36.80	37.50	23.70
<u>Residence</u>						
1-Pty.	13.55	13.90	14.20	14.50	14.80	9.25
2-Pty.						8.15
4-Pty.	10.25	10.55	10.70	10.95	11.15	7.15
Key Line	28.75	29.40	30.00	30.55	31.20	19.40
Multi-line	20.35	20.85	21.30	21.75	22.00	13.85

\* Cumberland Exchange

VI.A. LOCAL OPERATOR VERIFICATION/INTERRUPTION SERVICE

A. General

Verification service provides operator assistance in determining if a called line is in use. Interruption service provides for operator interruption of a conversation in progress on a called line. The customer may request these services for a charge, where facilities are available, by calling the "0" Operator.

B. Application Charges

1. The charges specified in C. following will apply to all requests except:
  - a. Emergency requests from official emergency agencies when the request is received on an agency line from agency personnel.
  - b. Emergency requests in which the caller identifies that the request is to (1) an official public emergency agency; (2) an emergency medical number; or (3) a privately endowed and operated suicide, drug, alcohol, or runaway crisis reporting center.
  - c. Requests in which the operator encounters a trouble condition or has reason to believe a trouble condition exists.

GENERAL EXCHANGE TARIFF

LOCAL EXCHANGE SERVICE

VI.A. LOCAL OPERATOR VERIFICATION/INTERRUPTION SERVICE (continued)

C. Rates

1. Verification: A charge of \$.50 applies each time the operator verifies a called line and hears voice communication.
2. Interruption: A charge of \$1.00 applies each time the operator interrupts a conversation that is in progress on the called line. The charge is for the interrupt service and does not depend on whether the called party agrees to release the line and accept the call.
3. If an operator both verifies the condition of the line and interrupts conversation on the same request, the interrupt charge only applies.
4. The charges for Verify/Interrupt service are in addition to any applicable message rates.

VI.B LONG DISTANCE OPERATOR VERIFICATION/INTERRUPTION SERVICE

- A. See Section 17, Sheet 1 for statement of concurrence in the rates, rules and regulations governing intrastate communications as filed by South Central Bell Telephone Company - Kentucky.

SERVICE CHARGES

III. SCHEDULE OF CHARGES

	<u>Business</u>	<u>Residence</u>
Service Order		
Primary, each	\$ 21.25	\$ 17.50
Secondary, each	5.75	5.00
Premise Visit, each	18.25	15.25
Central Office Work, each	21.25	17.75
Access Line Work, each	36.00	30.00
Inside Wiring, each	26.25	24.50
Jack		
Standard, each	3.60	3.60
Other	See Section 13, Sheet 14	
Equipment Work, each	18.25	10.75

GENERAL EXCHANGE TARIFF

DIRECTORY LISTINGS

I. DIRECTORY LISTINGS

B. Directory Listing Charges:

1. Regular Extra Directory Listings are as follows:

Regular extra listings are furnished at \$1.25 per month each for business listings and \$1.00 per month each for residence listings except when the Local Exchange Section provides a different charge for extra listings at the particular exchange.

2. Alternate Call Number Listings as follows:

The monthly rate for each alternate call number listing is \$1.25 per month each for business listings and \$1.00 per month each for residence listings, except when the Local Exchange Service provides a different charge for extra listings at that particular exchange.

C. Special Types of Extra Listings

7. Nonpublished Numbers

A nonpublished telephone number is one for which no listing appears in the alphabetical section of the directory or in the Information records. Calls are completed to such stations only when the number is given by the calling party. A charge of \$2.00 per month is made for each nonpublished line.

MILEAGE

IV. PRIVATE LINE FACILITIES

C. Rates

1. Intracompany or Independent - Independent

For each private line facility within the same central office area (except commercial radio broadcast loops)

Per one-tenth circuit mile, per month	\$ .75
Equipment work charge, per terminal	Basic

GENERAL EXCHANGE TARIFF

MILEAGE

IV. PRIVATE LINE FACILITIES (continued)

C. Rates (continued)

2. Bell- Independent

The rates for interexchange and local channel mileage covering private line service furnished jointly with South Central Bell Telephone Company will be the rates specified in South Central Bell Telephone Company Private Line Service Tariff PSC KY Tariff 2C.

FOREIGN EXCHANGE SERVICE

I. FOREIGN EXCHANGE SERVICE

Changes as stated in the proposed tariff.

KEY TELEPHONE SYSTEMS

II. KEY TELEPHONE ACCESS LINES

Changes and deletions as stated in the proposed tariff.

MISSCELLANEOUS SERVICE ARRANGEMENTS AND  
AUXILIARY EQUIPMENT

III. AUTOMATIC TIME AND TEMPERATURE ANNOUNCEMENT SERVICE

C. Rates

Automatic Time and Temperature Announcement Service is furnished in addition to the filed monthly recurring rate for each Business One Party Line associated with the equipment.

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Automatic Time and Temperature Announcement Equipment	\$281.75	None
Announcement Line Connectors, each	3.45	None

IV. AIR TRAFFIC CONTROL COMMUNICATION SYSTEM

B. Rates and Charges

The rates and charges specified herein are in addition to the rates and charges for the service with which the key equipment is associated. The initial contract period shall be 60 months, reducing 1/60 for each month in service

GENERAL EXCHANGE TARIFF

MISCELLANEOUS SERVICE ARRANGEMENTS AND  
AUXILIARY EQUIPMENT

IV. AIR TRAFFIC CONTROL COMMUNICATION SYSTEM (continued)

B. Rates and Charges (continued)

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment consists of (1) 405 and (1) 403 module (requires one of each to access special service circuit)	\$ 13.50	\$277.00
Shelf (40011), capacity for 11, 405 modules	11.25	354.00
Apparatus Case (15A), capacity for 2, 403 modules	5.50	184.00
Call Counter Applique (for counting calls to air control tower)	11.90	271.00

IX. AUXILIARY BELLS

B. Rates

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
1. Bells		
a. Operated by power from central office		
(1) Inside mounting Telephone bell in box as extension	\$ .80	Basic

XIII. JACK EQUIPMENT

B. Rates

	<u>Equipment Work Charge</u>
1. Data Equipment Universal - miniature, eight-position jack used for either fixed-loss loop or programmed types of data equipment, per jack	\$ 43.00

GENERAL TARIFF

MISCELLANEOUS SERVICE ARRANGEMENTS AND  
AUXILIARY EQUIPMENT

XIII. JACK EQUIPMENT (continued)

B. Rates (continued)

Equipment Work  
Charge

1. Data Equipment (continued)

Programmable - miniature, eight-position jack used only with programmed types of data equipment, per jack

\$ 43.00

2. Key and PBX System

50-Pin Miniature Ribbon Connector used to connect Key and PBX systems to the telephone network, multiple ancillary devices connected to the network, recording equipment, multiple installations of either fixed-loss loop or programmed types of data equipment, and to connect various other equipment arrangements per jack

47.40

XVIII. STANDARD TELEPHONE SETS

B. Rates

Monthly  
Rate

Equipment Work  
Charge

Standard Telephone Set

Business - Rotary

\$ 1.75

See

Business - Touch Calling

2.15

Section

Residence - Rotary

1.75

4

Residence - Touch Calling

2.15

XIX. TOUCH CALLING

Deletions as stated in the proposed tariff.

B. Rates

Monthly  
Rate

Equipment Work  
Charge

Business, per line

\$ 2.00

Basic

Residence, per line

1.50

Basic

XXII. RADIO PAGING SERVICE

C. Rates

Monthly  
Rate

Equipment Work  
Charge

1. Irvine Exchange

a. Radio Paging Service including one receiver, batteries not included

Tone Paging

\$20.00

See Section 4

Voice Paging

26.35

See Section 4

GENERAL EXCHANGE TARIFF

MISCELLANEOUS SERVICE ARRANGEMENTS AND  
AUXILIARY EQUIPMENT

XXII. RADIO PAGING SERVICE (continued)

C. Rates (continued)	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
1. Irvine Exchange (continued)		
b. Additional Receiver, each		
Tone	\$14.25	See Section 4
Voice	20.60	See Section 4

INTERCONNECTIONS WITH COMMUNICATIONS EQUIPMENT  
PROVIDED BY THE CUSTOMER

III. CUSTOMER-PROVIDED COMMUNICATIONS EQUIPMENT

C. Maintenance of Service Due to the Connection of Customer-Provided Equipment or Other Facilities

The customer shall be responsible for the payment of the charges indicated below for visits by the Telephone Company to the customer's premises where a service difficulty or trouble report results from customer provided equipment or facilities.

Per maintenance service call - \$31.00	first hour or fraction thereof
15.50	each additional 1/2 hour there- after or major part thereon, continues with first hour

VI. RATES

A. Data Access Arrangement for connection of customer provided data transmitting and/or receiving equipment:

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
(1) 1001B Data Coupler	\$ 7.50	Basic
Deletions as stated in the proposed tariff.		



GENERAL EXCHANGE TARIFF

MISCELLANEOUS SERVICE ARRANGEMENTS AND  
AUXILIARY EQUIPMENT

VI. RATES (continued)

- B. Connecting arrangement to provide for automatic protection of customer provided voice transmitting and/or receiving terminal equipment.

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
(1) 20721-L1 Voice Coupler, per line equipped	\$12.75	Basic
(2) 20721-L2 Voice Coupler, per line equipped	18.00	Basic

- C. Recording, Reproducing, and Automatic Answering and Recording Equipment Provided by the Customer

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
(1) Recorder Connector Equipment		
Jack for portable recorder connector equipment	\$ .80	Basic

- F. Key Systems provided by the Customer

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
(1) CAC K-1-2 (RR) Coupler	\$ 9.75	Basic

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT

Changes, additions, and deletions as stated in the proposed tariff.

100.2.1 Automatic Answering Equipment

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Model 200A	\$ 14,80	Basic

100.2.2 Automatic Answering and Recording Service

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Code-A-Phone Model 370	\$ 9.90	Basic
Code-A-Phone Model 525	20.55	Basic
Code-A-Phone Model 560	25.45	Basic
Model 222	12.30	Basic
Model 333	20.20	Basic
Model 555	27.15	Basic
Model 700	24.65	Basic

Additional Equipment for Above Models

a. Multi-line adapter (three line capacity), each	9.70	10.00
b. Tone Oscillator for Model 555	2.45	Basic
c. Earphone (X100-121), for Model	1.15	45.00
d. Footswitch (X00-099), for Model	1.30	45.00

100.2.3 Automatic Dialer Equipment

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Select-A-Call Ten (10 line capacity)	\$ 9.50	Basic

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)

100.2.3 Automatic Dialer Equipment (continued)

The Automatic Dialer is available with the following capacities:

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Automatic Dialer with 400 line capacity tape	\$ 12.30	Basic
Additional tape cartridges		
400 line capacity		Basic
1000 line capacity		Basic
Teletronics AD9 8 digit single address dialer	6.20	Basic
Teledialer 32	13.70	Basic

100.2.4 Special Type Telephones

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
<u>100.2.4.a. Decorator Telephones</u>		
Candlestick Telephone (Rotary)	\$ 5.20	Basic
Chest Telephone (Rotary)	6.45	Basic
Cradle Telephone (Rotary)	6.45	Basic
<u>100.2.4.b Panel Telephones</u>		
Basic panel - for single line installation	3.55	Basic
Basic panel - for single line installation with illuminated dial	3.95	Basic
Two line panel	4.35	Basic

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)

100.2.4 Special Type Telephones (continued)

100.2.4.c Outdoor Telephone Sets

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Metal enclosed set		
Rotary	\$ 5.80	Basic
Touch Calling	6.25	Basic

100.2.4.d. Explosive Atmosphere Telephone Equipment

C. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Wall type or pedestal set, each	\$ 10.75	Basic
Hand set, each	15.70	Basic

100.2.4.e. Amplifying Equipment

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Amplifying Equipment	\$ 1.90	Basic
Push to Talk Handset	1.50	Basic
Confidencer (noice cancelling transmitter)	2.25	Basic

100.2.4.f. Hands Free Telephone Set (Speakerphone)

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Speakerphone set		
Rotary	\$ 14.20	Basic
Touch Calling	14.65	Basic
Companion II Speakerphone	8.80	\$ 27.00

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)

100.2.4 Special Type Telephones (continued)

100.2.4.g. Princess Telephone

A. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Princess Telephone		
Rotary	\$ 3.45	Basic
Touch Calling	3.85	Basic

100.2.4.h. Trim-Line Telephone

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Trim-Line Telephone		
Rotary	\$ 4.20	Basic
Touch Calling	4.60	Basic

100.2.4.i. Externally Mounted Telephone Loudspeaker (Orator Type)

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
	\$ 2.45	Basic

100.2.5 Buzzer Circuits and Push Button Pads

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Each button or associated buzzer	\$ .80	Basic
Battery supply for buttons and buzzers (and other uses)	3.30	Basic

100.2.6 Electronic Sentry System

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Yale Teleemergency Alarm Dialer DC 8C, single channel	\$16.45	Basic

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)

100.2.6 Electronic Sentry System (continued)

B. Rates (continued)	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Yale Teleemergency Alarm Dialer DC 8D, dual channel	\$ 20.53	Basic

100.2.7 Headsets

A. Headset applique unit for key set (plug)	1.25	Basic
B. Plantronics Headset (star set), model H5-0110-1A equipped with lock and push to talk switches, four wire, and ten foot cord	4.10	Basic

100.2.8 Emergency Call System/Fire Reporting System

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
1. ITT Emergency Call System Equipment		
10 line capacity	\$ 17.20	Basic
20 line capacity	28.75	\$ 16.00
40 line capacity	75.65	32.00
2. Tellab's 291 Conference Alerting System		
Common Equipment:		
System I - capacity 10 lines	94.90	370.00
System II - capacity 20 lines	116.40	462.00
System III - capacity 30 lines	139.15	555.00
Expansion Shelf to expand either System I or System II	21.15	101.00

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)

100.2.8 Emergency Call System/Fire Reporting System (continued)

B. Rates (continued)	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
2. Tellab's 291 Conference (continued)		
Auxiliary Common Equipment:		
Bay Adaptor - 23 inch (allows systems to be mounted in a 23 inch bay, one per shelf)		\$ 16.00
Manual Access (key or station)	\$ 8.50	22.00
Automatic Access (central office line)	8.85	22.00
Maximum 2 accesses per system		
Minimum 1 access per system		
Station Line Circuit - one per answer number equipped	8.20	22.00
Maximum 10 station line cards/shelf		
Minimum 2 station line cards/shelf		
Optional Equipment:		
Remote Answer Trunk		
Maximum 3 per system mounts in common control shelf	6.60	22.00
Siren Control Timer Module		
Field strappable variable timeout, maximum 1 per system, mounts in common control shelf	7.90	22.00
Telepath 723 C-34 Code Call	74.75	675.00
3. Control Station - Local private line and station charges		Basic
4. Controlled Stations - Station line connections or changes subsequent to initial installation, each		Basic
5. Annunciator Cabinet		
11 lamp cabinet, each	5.75	Basic
Connecting line circuits - local private line channel charges		Basic

**GENERAL EXCHANGE TARIFF**  
**OBSELETE SERVICE OFFERINGS**

**100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)**

**100.2.9 Auxiliary Bells, Gongs, Horas and Chimes**

**B. Rates**

1. Signal control equipment for one or more signals on the same circuit, for indoor mounting.

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Continuous	\$ 1.90	Basic
Noncontinuous	1.90	Basic
Explosive atmosphere, noncontinuous	4.55	Basic

2. Bells (Gongs)

- a. Operated power from central office

(1) Inside mounting		
2"	.65	Basic
4"	.80	Basic
6"	1.25	Basic
(2) Outside mounting		
2"	1.65	Basic
4"	4.95	Basic
6"	6.20	Basic

- b. Operated commercial power

(1) Inside mounting		
6"	1.65	Basic
8"	1.95	Basic
10"	2.15	Basic
(2) Outside mounting		
6"	2.45	Basic
8"	3.05	Basic
10"	3.45	Basic
12"	4.05	Basic



GENERAL EXCHANGE TARIFF  
OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)

100.2.9 Auxiliary Bells, Gongs, Horns and Chimes (continued)

B. Rates (continued)	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
2. Bells (Gongs) (continued)		
b. Operated by commercial power (continued)		
(3) Explosive Atmosphere		
6"	\$ 4.10	Basic
8"	4.55	Basic
10"	4.95	Basic
12"	5.50	Basic
3. Horns		
a. Operated by commercial power only		
(1) Inside mounting		
Small	1.55	Basic
Medium	1.90	Basic
Extra Loud	3.80	Basic
(2) Outside mounting		
Small	2.15	Basic
Medium	3.05	Basic
Extra Loud	6.10	Basic
Large	3.30	Basic
4. Chimes		
a. Inside mounting only	3.30	Basic
5. Toggle Switches (Cam Type)		
1 key	.80	Basic
2 key	1.65	Basic

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)

100.2.10 Secretarial Answering Cabinet

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
1. 6 line capacity	\$ 14.80	Basic
2. 10 line capacity	24.65	Basic
3. 20 line capacity	49.35	Basic
4. Line termination		Basic

100.2.11 Sound Systems and Voice Intercommunicating Equipment

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
1. Power Amplifiers		
25 watt	\$ 7.80	Basic
40 watt	12.75	Basic
75 watt	14.80	Basic
150 watt	23.85	Basic
Two way amplifier for intercommunication	5.25	Basic
2. Coin Type Sound Reproducers		
6 inch, surface wall	1.65	Basic
6 inch, flush wall	1.65	Basic
8 inch, surface, sloping front	2.05	Basic
8 inch, bi-directional	2.05	Basic
8 inch, surface ceiling	1.65	Basic
8 inch, flush ceiling, round grill	1.65	Basic
8 inch, flush ceiling square grill	1.65	Basic
3. Trumpet Type Sound Reproducers		
15 watt, explosion proof including relay	7.80	Basic
25 watt, with transformer, weatherproof	3.30	Basic
40 watt, with transformer, weatherproof	4.10	Basic
25 watt, bi-directional, with transformer, weather- proof	3.75	Basic

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)

100.2.11 Sound Systems and Voice Intercommunicating Equipment (continued)

B. Rates (continued)

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
4. Telephone System Input Coupling Units		
ETA107 Key System Page Access	\$ 2.45	Basic
ETA103 PABX Coupling Box	2.05	Basic
5. Microphones		
Paging Microphone dynamic with preamp	4.95	Basic
Paging Microphone cardioid type	5.75	Basic
6. Music Inputs		
FM-AM Tuner (includes antenna)	15.20	Basic
7. Signaling Input Devices		
M400S1 Tone Generator	4.35	Basic
8. Output Controls		
9. System 1 - Multi Conversation System - Intercommunicating Equipment		
a. Control Stations		
(1) Selective call-up to 11 stations (111D)	9.05	Basic
(2) Selective call-up to 11 stations (111AD)	10.70	Basic

**GENERAL EXCHANGE TARIFF**

**OBSOLETE SERVICE OFFERINGS**

**100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)**

**100.2.11 Sound Systems and Voice Intercommunicating Equipment (continued)**

<b>B. Rates (continued)</b>	<b><u>Monthly Rate</u></b>	<b><u>Equipment Work Charge</u></b>
9. System 1 - Multi Conversation System - Intercommunicating Equipment (continued)		
b. Staff Stations		
(1) Call origination to (1) control station (11AL)	\$ 2.95	Basic
10. System 6 - Single Conversation System - Intercommunicating Equipment		
a. Amplifier and (1) Junction Box (6000K/J52)	9.50	\$ 13.50
b. Control Stations		
(1) Selective Call-up to 6 stations (606D)	3.30	Basic
C. Staff Stations		
(1) Indoor Use		
(a) Flush or surface mount with busy light indicator (61L)	1.65	Basic
(2) Outdoor Use (See Common Equipment)		
11. System 7 - Single Conversation System - Intercommunicating Equipment		
a. Control Stations:		
(Amplification included)		
(1) Connected to (1) staff or a group in a parallel (701RKK)	3.30	Basic

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)

100.2.11 Sound Systems and Voice Intercommunicating Equipment (continued)

B. Rates (continued)	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
11. System 7 - Single Conversation System - Intercommunicating Equipment		
a. Control Stations: (Amplification included) (continued)		
(2) Selective call-up to 6 stations (706DKK)	\$ 4.95	Basic
(3) Selective call-up to 10 stations (710DKK)	6.55	Basic
b. Staff Stations		
(1) Indoor Use		
(a) Flush surface mount (81)	1.80	Basic
(2) Outdoor Use (See Common Equipment)		
12. Special Equipment - Voice Intercommunicating Equipment		
a. Staff Stations for Outdoor Use, ea.		
(1) 10" Trumpet (C-23)	2.45	Basic
b. Junction Box (734), each	1.25	Basic
c. Junction Box (J52), each	1.25	Basic
d. Junction Control (J804), each	2.95	Basic
e. Power Supply (M217), each	3.30	Basic
f. Power Booster (P-29), each	3.30	Basic
g. Transformer (J629S42), each	.80	Basic
h. Call Control (J635LS1), each	1.65	Basic
i. Call Switch (JRS41), each	.80	Basic

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.2 MISCELLANEOUS SERVICE ARRANGEMENTS AND AUXILIARY EQUIPMENT (continued)

100.2.11 Sound Systems and Voice Intercommunicating Equipment (continued)

B. Rates (continued)	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
12. Special Equipment - Voice Intercommunicating Equipment (continued)		
m. Handset for use with Intercom Systems		
(1) Desk Type (LPTH 158L)	\$ 6.55	Basic
(2) Wall Type (Surface or Flush Mount) (LPTH 158LS/w2)	6.55	Basic
n. J-689 S42 Paging Relay	3.30	Basic

100.2.13 Telephone Pads

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
1. 12 Button Touch Tone Pad	\$ 4.10	Basic

100.2.14 Call Diverters

B. Rates	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
1. Dacon MK-10-E (11 digit)	\$ 21.40	\$ 27.00
2. Dacon MK-10-14-E (14 digit)	23.45	27.00
3. Optional Equipment:		
Audible tone to called party (BOC)	2.90	Basic
Remote on/off	2.90	Basic
Call announcement (MKSE)	7.80	Basic
Two number calling	7.00	15.00
Tone commander (oscillator)	2.05	None

GENERAL EXCHANGE TARIFF  
OBSOLETE SERVICE OFFERINGS

100.3 KEY TELEPHONE SYSTEMS

Changes, additions, and deletions as stated in the proposed tariff.

100.3.1 Key Strips

	Monthly Rate	Equipment Work Charge
6 Button	\$ 7.40	\$ 16.00

100.3.2 Two Talk Path Systems - Intercoms

	Monthly Rate	Equipment Work Charge
18 Code Unit	\$ 24.65	\$ 21.50
Rotary Dial	32.90	21.50
Touch Calling		
Additional 3 code capacity (rotary or touch calling)	4.10	10.75

100.3.3 Tie Key System 100

	Monthly Rate	Equipment Work Charge
Common Equipment	\$ 29.60	\$ 54.00
Additional Common Equipment:		
Expansionback board (addition of 9 station capacity)	6.55	21.50
Optional Equipment:		
Plug-in for all call page card (Internal)	5.35	16.00
Line Card	2.05	-0-
Call Announcing Card	6.55	16.00
Music on Hold without Source	2.45	16.00
Paging Adaptor for External	1.65	16.00
Paging Manual Intercom	1.65	16.00
Tone Dial, per system	13.95	21.50

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.3 KEY TELEPHONE SYSTEMS (continued)

100.3.3 Tie Key System 100 (continued)

	Monthly Rate	Equipment Work Charge
Optional Equipment: (continued)		
Toll Restrictor (per line) requires toll restrictor cabinet	\$ 5.75	\$ 16.00
Toll Restrictor Cabinet	9.05	21.50
19 Station Intercom	6.55	16.00
Station Set Rates:		
10 Button Rotary Dial	10.60	21.50
10 Button Outpulse Dial	14.05	21.50
10 Button Tone Dial	11.55	21.50
10 Button Memory Outpulse Dial	17.15	21.50
10 Button Tone Memory Dial	18.90	21.50
Supplemental Equipment:		
Exclusion per station with release	1.25	16.00
Tone Oscillator, per station equipped	.80	16.00

100.3.6 Type C Systems

	Monthly Rate	Equipment Work Charge
A. System 11A (capacity 6 lines, 12 stations, no intercom)		
Common equipment	\$10.70	\$ 21.50
Line equipment (one per line req'd)	4.05	None
B. System 11B (13 line capacity, 36 station maximum, no intercom)		
Common equipment	16.45	21.50
Line equipment (one per line req'd)	4.05	None



GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.3 KEY TELEPHONE SYSTEMS (continued)

100.3.6 Type C Systems (continued)

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
C. System 22A (6 line capacity, 12 stations, equipped for standard 9 code intercom, optional code intercom expander)		
Common equipment	\$ 13.15	\$ 21.50
Line equip. (one per line req'd)	4.05	None
D. System 22B (13 line capacity, 36 station maximum; equipped for standard 18 code intercom and optional intercom code expanders)		
Common equipment	19.70	21.50
Line equip. (one per line req'd)	4.05	None
5. System 22A and 22B Intercoms		
9 Code Unit		
Rotary Dial	6.50	Basic
Touch-Calling	12.30	Basic
9 Code Intercom Expander (Rotary or Touch-Calling)	5.75	Basic
F. System K36 (12 line capacity, 36 stations) common equipment including:		
18 station - two path rotary dial	125.80	54.00
18 station - two path touch-calling	140.60	54.00
18 station - four path rotary dial	129.90	54.00
Line equip. (one per line req'd)	4.05	None
Additional 3 code capacity		
two path rotary dial	8.20	13.00
two path touch-calling	8.20	13.00

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.3 KEY TELEPHONE SYSTEMS (continued)

100.3.8	<u>Station Set Rates</u>	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
A.	Type A, turn key		
	Rotary	\$ 6.95	\$ 16.00
	Touch Calling	7.60	16.00
B.	Type B, 3 line - 3 hold, each		
	Rotary	7.90	
	Touch Calling	8.35	16.00
C.	Type C		
	6 button (Rotary dial)	9.50	16.00
	6 button (touch-calling)	10.75	16.00
	10 button (rotary dial w/busy field)	14.55	21.50
	10 button (rotary dial)	10.75	21.50
	with built-in speakerphone	12.00	21.50
	10 button (touch-calling) w/busy field)	15.80	21.50
	10 button (touch-calling)	12.00	21.50
	with built-in speakerphone	13.30	21.50
	12 button (rotary dial)	14.55	21.50
	12 button (touch-calling)	15.80	21.50
	18 button (rotary dial)	17.10	27.00
	20 button (touch-calling)		
	built-in speakerphone	22.15	27.00
	30 button (touch-calling)	25.95	27.00

100.3.9 Supplemental Equipment

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
A. Manual intercom common equipment	1.65	Basic
B. Power supply for lights only (Type B Systems)	4.95	\$ 5.50
C. Buttons, each	.40	Basic
D. Buzzers, each	.40	Basic
E. Manual exclusion, per set	1.75	Basic
F. Automatic or ringdown signaling unit	6.55	10.75
G. 18 Station Busy Lamp Field	8.85	151.00
H. Music on hold, per lines	4.10	Basic
I. 6034 Toll restrictor card, each (used with System 22A)	4.30	10.75

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.4 PRIVATE BRANCH EXCHANGE SERVICE

Changes, additions, and deletions as stated in the proposed tariff.

100.4.1 L55PBX (Manual System)

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Capacity 60 lines, 10 trunks and 10 cord circuits	\$123.35	\$107.00
PBX Systems		
Cord	\$123.35	To be specified
Cordless	28.75	To be specified
Night Answer Universal	4.30	To be specified
Internal Dial	46.00	To be specified

100.4.2 S/C 10 PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment	\$115.00	\$ 54.00
Additional Trunk Terminal, each	10.30	None
Attendants Console (4 trk. capacity)	28.75	16.00
Message Registers (35 in. capacity)	20.55	21.50
Toll Restriction, per trunk	4.10	10.75

100.4.3 S/C 30 PABX, Series System

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
30 6-50-6 System	\$212.75	\$268.00
30 20-100-12	410.55	430.00
Toll Restriction, per trunk	4.95	5.40
Line Terminals, each	1.25	None
Trunk Terminals, each	11.50	10.75
Links, each	9.90	10.75
Conference Service		
1 trunk and 5 stations	16.45	21.50
2 trunks and 5 stations	20.55	21.50
Attendants Console (20 trunks, 100 line capacity)	36.15	54.00
Standby Power	74.00	54.00
Pre-determined Night Answering, per trunk	4.10	10.75

GENERAL EXCHANGE TARIFF  
OBSOLETE SERVICE OFFERINGS

100.4 PRIVATE BRANCH EXCHANGE SERVICE (continued)

100.4.4 S/C 40 PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment	\$180.55	\$242.00
Trunk Terminals	13.15	10.75
Line Terminals	1.65	None
Selectors	6.55	None
Connectors, each	6.55	None
Operator Trunk Terminals, call completion, each	8.20	10.75
Attendant's Turret, desk mounted	57.50	75.00
Night Answer, Common	8.65	10.75

100.4.5 S/C F40 PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment	\$ 57.50	\$ 54.00
Attendant Console	24.65	32.00
Line Terminals, each	1.65	None
Trunk Terminals, each	9.90	16.00
Links, each	6.55	10.75

100.4.6 S/C F50 PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment	\$123.55	\$ 54.00
Line Terminals, each	1.65	None
Trunk Terminals, each	9.90	16.00
Links, each	6.55	10.75
Code Call (28 code)	26.35	21.50

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.4 PRIVATE BRANCH EXCHANGE SERVICE (continued)

100.4.7 S/C Type H PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment for 200 line system	\$246.70	\$536.00
Attendant Console (cord type)	123.35	322.00
Line Terminals, each	2.45	None
Trunk Terminal, each	6.55	16.00
Selectors, each	11.50	16.00
Connectors, each	11.50	16.00
Finders, each	11.50	16.00
Universal Toll Restriction	16.45	None
Toll Restriction, per trunk	4.95	None
Conference Circuit (5 capacity)	16.45	16.00
Code Call (28 code)	26.35	27.00
Pre-determined Night Answering, per trunk equipped	4.10	10.75

100.4.8 S/C 400 PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Basic System 423	\$542.80	\$1,610.00
Line Terminals, per 10	11.95	27.00
Junctions (regular), each	6.55	16.00
C.O. Trunk Terminal, with transfer, each	15.65	16.00
LD Trunk Terminal, each	8.20	21.50
Tie Line Terminal, each	20.55	37.50
Battery Charger & Batteries (8 hour)	126.60	268.00
Paging Adaptor, each	14.80	27.00
Busy Field, each 200 lines	36.15	80.50
Outgoing Register Sender Trunk positions 1 thru 12, each	29.60	21.50
Trunk positions 13 thru 20, each	9.50	16.00
Toll Restrictions, per system	4.95	16.00
Pre-determined Night Answer, per system	4.95	16.00
Meet-me-Conference Circuit	11.50	32.00
Dial Up Conference	26.55	54.00

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.4 PRIVATE BRANCH EXCHANGE SERVICE (continued)

100.4.9 Sgl Type PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Basic Common Equipment		
-40 lines, 15 trunks, rotary dial	\$195.65	\$215.00
-80 lines, 15 trunks, rotary dial	221.95	215.00
-80 lines, 30 trunks, rotary dial	249.15	215.00
Attendant Console		
-with busy lamp field (40 lines)	30.00	21.50
-with busy lamp field (80 lines)	38.25	21.50
Trunk Terminal, each	6.00	10.75
Tie Line Trunk Terminal, each	6.55	10.75
Line Terminal, one required for each two (2) lines	4.10	5.40
Camp-on and Trunk Answer for any station (per system)	4.90	5.40
Attendant Conference	13.90	21.50
Executive Ringback - Override	7.25	10.75
Toll Restriction (2 digit only, per system)	6.55	10.75
Page Adaptor, each	3.30	10.75
Dial Dictation Trunk, each	3.30	5.40
Touch Calling, per system (40 lines)	31.20	27.00
Touch Calling, per system (80 lines)	42.80	27.00
Touch Calling Receiver	12.80	10.75
Enhancement Features		
Call Pickup Directed	7.15	21.50
Call Forwarding	10.35	21.50
Call Pickup Group	14.50	21.50

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.4 PRIVATE BRANCH EXCHANGE SERVICE (continued)

100.4.10 UH-30 PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment	\$164.45	\$161.00
Station Lines, each 5	6.55	21.50
Intercom Links, each	9.90	16.00
Trunk Terminals, each	19.70	16.00
Attendant's Console, each	32.90	54.00
Busy Lamp Field	8.20	37.50
Code Call (Staff Locating)		
Visual - common	32.90	27.00
Conference, "Meet-Me"	16.45	16.00
Night Answering, common	6.55	None
Paging Adaptor	8.20	16.00
Toll Restriction, per trunk	6.55	10.75
Tie Line Selectors, each	3.45	16.00

100.4.11 UH-45 PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment	\$164.45	\$215.00
Each Working -		
Station Lines, each 5	6.55	16.00
Intercom Links, each	9.90	10.75
Trunk Terminals, each	19.70	10.75
Busy Lamp Field	16.45	37.50
Conference ("Meet-Me")	16.45	16.00
Night Answering (common)	6.55	10.75
Paging Adaptor	8.20	16.00
Toll Restriction, per trunk	6.55	10.75
Standby Power Supply	74.00	54.00

GENERAL EXCHANGE TARIFF  
OBSOLETE SERVICE OFFERINGS

100.4 PRIVATE BRANCH EXCHANGE SERVICE (continued)

100.4.12 UH 300 Type PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment		
- 100 sta. lines, 12 IC links, 15 trk. terms.	\$312.45	\$375.00
- 150 sta. lines, 18 IC links, 20 trk. terms.	460.45	429.00
Power Supply - Battery Eliminator for-		
- 100 lines	39.45	32.00
Lines, each 10	19.70	37.50
Intercom Links, each 2	16.45	16.00
Trunk Terminals, each	19.70	16.00
Standby Power -		
- 101-200 lines	106.90	107.00
Automatic Call Transfer (10-1)	21.40	10.75
Busy Lamp Field, each 50 lines equipped	16.45	37.50
Call Transfer (dial "1"), per trunk N/C		None
Message Waiting, each station equipped	0.80	None
Night Answering (Common)	6.55	10.75
Paging Adaptor	8.20	16.00
Toll Diversion, each trunk	9.90	10.75
Console, Attendant's Second Console	49.35	27.00



GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.4 PRIVATE BRANCH EXCHANGE (continued)

100.4.13 UH 900 Type PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment	\$1,282.70	\$1,610.00
Line Terminals, per 10	19.70	37.50
Intercom Links, each 2	13.15	16.00
Trunk Terminals, each	24.65	16.00
Standby Power - 300-400 lines	123.35	107.00
Conferencing - - "Meet-Me" (up to 4 stations)	16.45	16.00
Executive Right-of-way - First 50 line group equipped	24.65	10.75
- Each additional 50 line group equipped	4.10	None
Paging Adaptor	8.20	16.00
Toll Diversion, each trunk	9.90	10.75
Encoder (Motorola 90 Call)	246.70	215.00

100.4.14 ARD 561 PABX

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment		
Basic System No. I	\$246.70	\$ 429.00
Basic System No. II	822.25	1,073.00
Additional Line Terminals, each 30	74.00	54.00
Additional Links, each	13.15	21.50
Trunk Terminals, each	24.65	16.00
Tie Line Terminals, each	32.90	21.50
Paging Adaptor	8.20	16.00
Toll Restriction System I	26.35	27.00
Toll Restriction System II	52.60	43.00
Standby Power System I	82.25	80.50
Standby Power System II	123.35	107.00

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.4 PRIVATE BRANCH EXCHANGE SERVICE (continued)

100.4.16 1201 Expandable Digital Switching System

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common Equipment Capacity of 63 positions, 504 addresses	\$592.00	\$1,610.00
Additional Equipment and Service		
Multi Class Line Unit (for 8 lines)	34.50	21.50
Ground/Loop Trunk Unit (for 8 trunks)	37.45	21.50
Trunk By-Pass (each 4 trunks) (requires Auxiliary Shelf)	4.55	21.50
Auxiliary Shelf (12 card capacity)	4.95	27.00
Toll Restrictor Unit	19.70	27.00
Standby Power (8 hours)	197.35	161.00

100.4.17 Siemens SD-192/232

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
<u>Common Equipment:</u>		
SD - 192/232 System I System ID Capacity: 48 lines, 12 trunks, 24 junctors & 2 attendant con- soles. Equipped With: 0 lines, 0 trunks, 0 junctors, 0 consoles, AC power and standard features	\$301.70	\$911.50
SD - 192/232 System II Capacity: 48 lines, 12 trunks, 24 junctors & 2 attendant con- soles. Equipped With: 0 lines, 0 trunks, 0 junctors, 0 consoles, DC power and standard features	359.65	911.50

GENERAL EXCHANGE TARIFF  
OBSOLETE SERVICE OFFERINGS

100.4 PRIVATE BRANCH EXCHANGE SERVICE (continued)

100.4.17 Siemens SD-192-232 (continued)

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
<u>Equipment to Increase Business System Capacity:</u>		
First Addition: 48 lines and 16 trunks (to capacity of 96 lines and 28 trunks)	\$ 86.55	\$281.00
Second Addition: 48 lines and 16 trunks (to capacity of 144 lines and 44 trunks)	97.00	281.00
<u>Attendant Equipment:</u>		
Business Attendant Console	36.25	125.25
<u>Auxiliary Common Equipment - All Systems:</u>		
Station Line Terminal, each 8 Trunk Terminal	21.00	17.75
Each 4, 2 way	22.70	17.75
Each 4, 1-way out only	18.45	17.75
Direct Inward Dial or Tie Line (Loop)		
Each 2	17.85	17.75
<u>Auxiliary Common Equipment - All Systems:</u>		
Tie Line terminal (Receive & Transmit)		
Each 4	33.25	17.75
Junctors		
Each 8	11.45	17.75

GENERAL EXCHANGE TARIFF  
OBSOLETE SERVICE OFFERINGS

100.4 PRIVATE BRANCH EXCHANGE SERVICE (continued)

100.4.17 Siemens SD-192-232 (continued)

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
<u>Optional Equipment/Features - Business:</u>		
Conference Unit (max. 1 attendant conference and 1 meet-me, or 2 meet-me units per system)	\$ 19.65	\$ 35.50
Line Ringing Lamp Display (for Dial Call Pick-up) 12 Lines	4.20	92.50
<u>Optional Equipment/Features - All Systems:</u>		
Power Failure transfer, each 4 trunks	5.75	54.00
Paging Interface, per zone Station Access	6.40	53.25
Touchtone Dial (DTMF) Receivers		
Each 2	36.95	17.75
Each 1	19.40	17.75

GENERAL EXCHANGE TARIFF

OBSOLETE SERVICE OFFERINGS

100.5 INTERCONNECTIONS WITH COMMUNICATION EQUIPMENT PROVIDED BY THE CUSTOMER

Changes, additions, and deletions as stated in the proposed tariff.

100.5.1 Data access arrangement for connection of customer provided data transmitting and/or receiving equipment:

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
a. 1000A Data Coupler	\$ 5.25	Basic
b. 1001A Data Coupler	13.15	Basic

100.5.2 Connecting arrangement to provide for automatic connection of customer provided voice transmitting and/or receiving terminal equipment:

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
a. 30A Voice Coupler including exclusion type telephone	\$ 3.00	Basic

100.5.3 Recording, Reproducing and Automatic Answering and Recording Equipment Provided by the Customer.

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
a. Recorder Connector Equipment		
1. With an automatic recorder tone device (19645-L2)	\$11.30	Basic
2. Portable jack box associated with portable recorder connec- tor equipment for use at cord switchboards	2.00	None
3. Without an automatic recorder tone device (19645-L1)	8.65	Basic

100.5.4 Alarm Detection and Reporting Equipment Provided by the Customer:

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
a. Alarm Coupler combined with tone signalling unit, 20445-L2	\$12.75	Basic

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100.6 DATA TRANSMITTING AND RECEIVING EQUIPMENT AND TELETYPEWRITER EQUIPMENT

Changes, additions, deletions as stated in the proposed tariff.

100.6.2 Rates and Charges

The following charges apply to the facilities provided and are in addition to other rates and charges applicable:

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
A. Data Sets		
1. 100 Series		
Suitable for sending and receiving signals at rates up to 300 bits per second in sequence		
- Combined sending and receiving - single installation (103)	\$ 51.65	\$ 10.75
- T113A Data Set with 502 Data Auxiliary Set	28.85	16.00
2. 200 Series		
Suitable for conditioning signals at rates up to 1800 bits per second in sequence		
- Combined sending and receiving arranged for manual operation without simultaneous reverse signalling		
Single installation data set, each (202C)	91.10	32.00

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100.6 DATA TRANSMITTING AND RECEIVING EQUIPMENT AND TELETYPEWRITER EQUIPMENT  
(continued)

100.6.2 Rates and Charges (continued)

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
<b>A. Data Sets (continued)</b>		
<b>2. 200 Series (continued)</b>		
Suitable for conditioning signals at rates of 2000 or 2400 bits per second in sequence		
- 201C Data Set equipped with 565 Sub Set	\$106.25	\$ 59.00
Suitable for conditioning signals at rates up to 4800 bits per second in sequence		
T208A	261.10	182.00
201A Combined Sending and Receiving	235.30	96.50
202S LIA/2 with tele- phone	59.25	54.00
209A	350.65	54.00
208B with 565 auxiliary set	192.80	54.00
<b>B. High Speed Teletypewriter Equipment</b>		
Magnetic Tape Terminal, 8-level tape equipment suitable for send or re- ceive operations at trans- mission speeds up to 1200 words per minute	204.93	118.00
The following options may be installed:		
- Control Codes expander package: (modification kit)	2.00	None

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100.6 DATA TRANSMITTING AND RECEIVING EQUIPMENT AND TELETYPEWRITER EQUIPMENT  
(continued)

100.6.2 Rates and Charges (continued)

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
C. Four-row Teletypewriter Station Equipment		
1. 33 Type - Page Tele- typewriter with Type Wheel		
Automatic Sending Receiving	\$ 91.80	\$ 48.00
Miscellaneous Equipment		
Control Equipment Arrangements		
- Key Control		
- to deactivate the typing unit of a 33 type page auto- matic teletype- writer during tape transmission	2.00	10.75
Foot Control Switch		
- To activate trans- mitter	2.00	Basic
Paper box for superfold paper and form accumu- lating shelf	2.00	Basic
Sprocket feed, including form feedout	4.10	Basic
Reader Control	4.10	None
Transmitter-Distributor call-in single character, requires reader control	.50	None



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100.6 DATA TRANSMITTING AND RECEIVING EQUIPMENT AND TELETYPEWRITER EQUIPMENT  
(continued)

100.6.2 Rates and Charges (continued)

	Monthly Rate	Equipment Work Charge
C. Four-row Teletypewriter Station Equipment (continued)		
1. 33 Type - Page Teletypewriter with Type Wheel (continued)		
Tape Magazine	\$ 2.00	Basic
Splitting Control Key - To control a 33 type ASR TTY so that transmission may be alternately "half duplex" or "full duplex" when in the "line" mode.	2.00	\$ 10.75
2. 35 Type - Page Teletypewriter with Type Box		
Miscellaneous Equipment		
Splitting Control Key - To control a 35 type ASR TTY so that transmission may be alternately "half duplex" or "full duplex" when in the "line" mode	1.70	10.75
D. Teletype for the Handicapped		
1. System 100 Communicator - Portable solid state elec- tronic teletype including AC adaptor and "C" cell battery pack		
	31.10	

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100.7 MOBILE TELEPHONE SERVICE

Changes, additions, deletions as stated in the proposed tariff.

100.7.3 Rates

A. General Service

- |  |          |
|--|----------|
| 1. Where Company furnishes and maintains unit    | \$ 63.25 |
| 2. Where Subscriber furnishes and maintains unit | 31.60    |
| 3. Where Company maintains Subscriber's unit     | 44.25    |

E. Supplemental Equipment and Miscellaneous Charges

- |  |         |
|--|---------|
| 1. Weatherproof equipment cabinet for mounting radio equipment, when required - each:  |         |
| Equipment Work Charge  | Basic   |
| Monthly Charge   | \$ 6.95 |
| 2. Power supply generators for mobile telephones located at permanent installations of a non-vehicle, immobile nature when a commercial power supply is unavailable, including two batteries, fuel, automatic turn-on switch and housing unit: |         |
| Equipment Work Charge  | \$30.00 |
| Monthly Charge   | 34.15   |
| 3. Extension telephone in passenger cars, trunks or trailers - customers will provide any recessing necessary for the proper installation of the set:  |         |
| Equipment Work Charge  | Basic   |
| Monthly Charge   | \$ 7.60 |
| 4. Flexible cable with jack and plug arrangement for connection between cab or car and trailer:  |         |
| Monthly Charge   | \$ 3.45 |
| 5. Relay control equipment for a customer-owned auxiliary horn or lamp signal for cars, trunks, or trailers:   |         |
| Monthly Charge   | \$ 1.70 |
| 6. Auxiliary horns, buzzers, bells, gongs or howlers:  |         |
| Monthly Charge   | \$ 5.05 |

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100.8 OTHER SPECIAL ASSEMBLY EQUIPMENT

100.8.1 Automatic Warning Equipment

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Adcor alarm center	\$14.40	To be specified
Power transformer	.40	To be specified
Line seizure	.20	To be specified

100.8.2 Burglar Alarm System

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Teleemergency dialer	\$11.20	To be specified
Door contacts	.60	To be specified
Panic buttons	.60	To be specified
Alarm control unit F276	24.15	To be specified
Pick proof key switch A34729	1.00	To be specified
Nonrestorable alarm counter	.60	To be specified

100.8.3 K36A System

	<u>Monthly Rate</u>	<u>Equipment Work Charge</u>
Common equipment	\$101.20	To be specified
Additional 3 station rotary	5.75	To be specified
Additional station tel-touch	5.75	To be specified