

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

THE CATV POLE ATTACHMENT)	
TARIFF OF ALLIED TELEPHONE)	ADMINISTRATIVE
COMPANY OF KENTUCKY, INC.)	CASE NO. 251-1

O R D E R

Procedural Background

On September 17, 1982, the Commission issued an Amended Order in Administrative Case No. 251, "The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments," and ordered electric and telephone utilities providing or proposing to provide CATV pole attachments to file tariffs conforming with the principles and findings of the Order on or before November 1, 1982.

On October 29, 1982, Allied Telephone Company of Kentucky, Inc., ("Allied") filed rates, rules, and regulations governing CATV pole attachments. On November 15, 1982, the Commission suspended Allied's CATV pole attachment tariff to allow the maximum statutory time for investigation and comment from interested persons.

On November 19, 1982, the Kentucky Cable Television Association, Inc., ("KCTA") requested and was granted leave to intervene and comment on Allied's CATV pole attachment tariff. On January 17, 1983, KCTA filed a statement of objections to various CATV pole attachment tariffs, including Allied's tariff.

The Commission considers the matter of Allied's CATV pole attachment tariff submitted for final determination.

Findings

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. KCTA's objection to Allied's use of the composite number of anchors of all sizes in service, rather than the number of anchors of the sizes actually used by CATV operators, to calculate its anchor attachment rates is unreasonable. The Commission advises KCTA that there is no direct relationship between the number of anchor users and the size of any given anchor. Moreover, typical plant records do not classify anchors according to size. Therefore, the composite number of anchors of all sizes in service is a reasonable basis from which to calculate anchor attachment rates.

2. KCTA's objection to Allied's regulation concerning a surcharge on the cost of pole rearrangements necessary to accommodate CATV attachments is reasonable and is addressed in another finding.

3. KCTA's objection to Allied's regulation concerning the cost of pole replacements necessary to accommodate CATV attachments is reasonable and is addressed in another finding.

4. Allied's rules and regulations governing CATV pole attachments conform with the principles and findings of the Commission's Amended Order in Administrative Case No. 251, and should be approved, except as follows:

(a) Allied did not file a rule or regulation governing CATV conduit usage. The Commission advises Allied that in the event it provides or plans to provide CATV conduit space, it should file a CATV conduit usage rate, along with appropriate cost information.-

(b) At page 159, section B.3.a, the Commission advises Allied that it may charge a CATV operator the total cost of pole rearrangements necessary to accommodate CATV attachments. However, Allied cannot impose a surcharge on the cost of pole rearrangements. Therefore, the tariff provision and any similar provisions elsewhere in the tariff should be deleted.

(c) At page 159, section B.3.b, the Commission advises Allied that it may charge a CATV operator the total cost of pole replacements necessary to accommodate CATV attachments, less the salvage value of any pole that is replaced.

5. Allied failed to provide sufficient information to verify its calculations of embedded pole cost. Therefore, Allied should file information from plant records or another reliable source showing the number of 30-foot, 35-foot, 40-foot, and 45-foot poles in service, and related pole investment. The information should be classified according to vintage year. Also, any discrepancy between the total number of poles shown in the calculations of embedded pole cost and the total number of poles shown in the 1981 Annual Report should be explained.

6. Allied failed to provide sufficient information to verify its calculations of anchor cost. Therefore, Allied should file information from plant records or another reliable source sufficient to verify the number of anchors in service and related investment.

7. Allied's calculation of its annual carrying charge should be modified as follows:

(a) The cost of money component should be deleted, because the cost of debt was included in the last rate of return authorized by the Commission, in Case No. 7902, "Notice of Echo Telephone Company of a General Adjustment In Its Rates."

(b) The taxes component should be 2.47 percent, as calculated from the 1981 Annual Report.

(c) The administration and overhead component should be 5.91 percent, as calculated from the 1981 Annual Report.

(d) The maintenance component should be 1.55 percent, as calculated from the 1981 Annual Report.

(e) The total annual carrying charge should be 21.99 percent, based on calculations from the 1981 Annual Report and the Commission's Order in Case No. 7902.

4. Allied should be allowed to substitute 1982 Annual Report information to adjust its annual carrying charge, if the information is available and filed with the Commission. Furthermore, any adjusted calculations of the annual carrying charge should be made as outlined in Attachment 1 to the Order, unless a specific deviation is requested and reasonable cause demonstrated.

Orders

IT IS THEREFORE ORDERED that Allied's CATV pole attachment tariff as filed with the Commission on October 29, 1982, be and it hereby is denied.

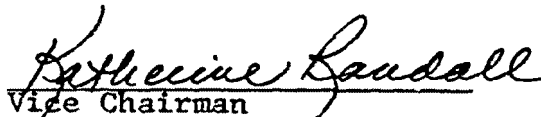
IT IS FURTHER ORDERED that Allied shall file revised rates, rules, and regulations governing CATV pole attachments with the Commission within 30 days from the date of this Order, and that the revised rates, rules, and regulations shall conform with the findings in this Order.

IT IS FURTHER ORDERED that Allied shall file information as outlined in this Order concerning embedded pole cost, at the same time it files its revised rates, rules, and regulations.

Done at Frankfort, Kentucky, this 31st day of March, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

Attachment 1
CATV Annual Carrying Charge

The annual carrying charge should be based on the 1981 or 1982 Annual Report, Form M, to the Public Service Commission of Kentucky, and Commission Orders, as follows:

1. Depreciation

Depreciation on pole lines is stated at Page 31, Line 7, Column (d).

2. Taxes

The formula for calculating taxes is:

Page 16, Lines 6 + 7, Column (b)
Page 12, Line 10, Column (b)

3. Administration and Overhead

The formula for calculating administration and overhead is:

Page 61, Lines 36 + 45 + 51 + 61, Column (b)
Page 12, Line 10, Column $\frac{(b + c)}{2}$

4. Maintenance

The formula for calculating maintenance is:

Page 60, Line 1, Column (b)
Page 19, Line 11, Column $\frac{(b + h)}{2}$

5. The rate of return should be the most recent rate of return authorized by the Commission.