

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 ) CASE NO. 8861  
ADJUSTMENT IN ITS RATES )

O R D E R

On July 15, 1983, Continental Telephone Company of Kentucky ("Continental") filed notice with the Commission proposing to increase its intrastate telephone rates by \$5,503,242, which it later amended to \$5,288,447. On January 4, 1984, the Commission entered its Order in this proceeding granting Continental rates and charges that would produce an increase in annual revenues of \$1,935,565. On January 24, 1984, the Attorney General through its Consumer Protection Division ("AG") filed its petition for rehearing of private line and Foreign Exchange ("FX") service revenue, toll settlement rate and amortization of excess deferred taxes. On February 1, 1984, Continental filed a motion requesting \$140,468 in additional revenue alleging an overstatement in the computation of its toll service revenues. The issues thus raised for rehearing will be addressed as follows:

Private Line and FX Service Revenue

The AG in its brief requested that revenues from private line and FX service should be increased since the tariffs

Continental charges for these services mirror South Central Bell's.<sup>1</sup> The adjustment requested was dependent upon the Commission's action in Case No. 8847, Notice of South Central Bell Telephone Company of an Adjustment in its Intrastate Rates and Charges, and was neither known nor measurable at the time the Commission's Order of January 4, 1984, was issued. Since the Commission has now issued its Order in Case No. 8847, the AG is again requesting that the Commission make the above proposed adjustments to Continental's revenues. The Commission is of the opinion that to go beyond the test period to make isolated adjustments is in violation of the matching concept, especially when those adjustments are clearly dependent upon the Commission's future actions in totally separate proceedings. Therefore the AG's request for rehearing of this issue should be denied.

Toll Settlement Rate

The AG requested that the latest annual return of 10.2 percent should be used in determining Continental's toll revenues instead of the 10.11 percent used by the Commission. The 10.11 percent return used by the Commission in determining Continental's toll revenues is based on the 12-month average experienced by Continental during the test period in this proceeding and in this instance will continue to be the return used by the Commission. Therefore, the AG's request for rehearing of this issue should be denied.

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<sup>1</sup> AG's brief, page 2.

### Amortization of Excess Deferred Taxes

The AG requested a specific fact-finding that Continental's updated exhibits properly reflect the amortization of excess deferred taxes. The Commission has re-examined Continental's updated exhibits and is of the opinion that they properly reflect the amortization of excess deferred taxes.<sup>2</sup>

### Toll Revenues

Continental's motion stated that the toll revenues determined in the Commission's Order of January 4, 1984, were overstated by \$140,081 which resulted in the understatement of required revenue by \$140,468. The Commission after reviewing the calculations for toll revenue has determined that Continental is correct and should be allowed to increase its rates and charges to collect additional annual revenues of \$140,468.

### FINDINGS AND ORDERS

The Commission, after examining the evidence of record and being advised, is of the opinion and finds that:

1. All issues presented by the AG for rehearing with the exception of the finding regarding amortization of excess deferred taxes should be denied.

2. Continental, pursuant to its motion, should be allowed to increase its rates and charges to collect additional annual revenues of \$140,468.

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<sup>2</sup> Response to Commission data request of October 7, 1983, Item 1, Adjustment to Federal Income Taxes.

3. The rates and charges in Appendix A are the fair, just and reasonable rates to be charged by Continental for telephone service rendered on and after the date of this Order.

4. Continental's revised exhibits properly reflect the amortization of excess deferred taxes.

5. All provisions of the Commission's Order issued January 4, 1984, not specifically amended herein should remain in full force and effect.

6. Within 30 days of the date of this Order, Continental should file its revised tariff sheets, setting out the rates and charges allowed herein.

IT IS THEREFORE ORDERED that the rates and charges in Appendix A be and they hereby are the fair, just and reasonable rates to be charged by Continental for telephone service rendered to its customers on and after the date of this Order.

IT IS FURTHER ORDERED that all issues presented for rehearing be and they hereby are denied in part and granted in part, in accordance with Finding No. 1 above.

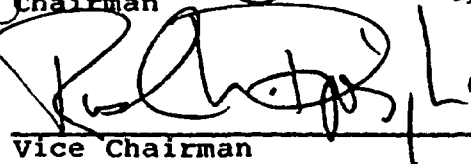
IT IS FURTHER ORDERED that all provisions of the Commission's Order in this matter issued January 4, 1984, not specifically amended herein shall remain in full force and effect.

IT IS FURTHER ORDERED that Continental shall file, within 30 days of the date of this Order, its revised tariff sheets setting out the rates and charges approved herein.

Done at Frankfort, Kentucky, this 13th day of February, 1984.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 8861 DATED 2/13/84

The following rates and charges are prescribed for 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 the Commission prior to the date of this Order.

GENERAL EXCHANGE TARIFF

LOCAL EXCHANGE SERVICE

VI. MONTHLY ACCESS LINE RATES

Access Line	Rate Group					
	1	2	3	4	5	6
<b>Business</b>						
1-Pty.	\$ 25.29	\$ 25.92	\$ 26.55	\$ 27.11	\$ 28.25	\$ 28.31
4-Pty.	16.86	17.30	17.68	17.99	18.36	18.74
<b>Business</b>						
Trunk	70.01	71.57	73.03	74.66	76.11	77.68
Key Line	53.28	54.47	55.79	56.98	58.18	59.38
Semi-public	42.02	42.96	43.84	44.79	45.67	46.60
Multi-line	37.93	38.87	39.82	40.63	41.58	42.46
<b>Residence</b>						
1-Pty.	14.78	15.15	15.53	15.73	16.29	16.73
4-Pty.	11.45	11.63	12.01	12.21	12.51	12.71
Key Line	31.63	32.33	33.15	33.53	34.59	35.47
Multi-line	22.20	22.76	23.34	23.59	24.40	25.10

LOCAL EXCHANGE SERVICE

	7	8	9	10	11	Special*
<u>Business</u>						
1-Pty.	\$ 28.99	\$29.62	\$ 30.25	\$ 30.88	\$ 31.45	\$ 23.23
2-Pty.	-	-	-	-	-	20.44
4-Pty.	19.06	19.50	19.75	20.12	20.57	15.47
<u>Business</u>						
Trunk	79.31	80.89	82.40	83.91	85.41	63.89
Key Line	60.69	62.02	63.21	64.41	65.61	48.82
Semi-public	47.61	48.56	49.50	50.32	51.27	38.36
Multi-line	43.46	44.41	45.35	46.30	47.18	34.84
<u>Residence</u>						
1-Pty.	17.05	17.48	17.86	18.24	18.62	13.59
2-Pty.	-	-	-	-	-	11.98
4-Pty.	12.89	13.27	13.46	13.77	14.02	10.51
Key Line	36.17	36.98	37.74	38.43	39.24	24.41
Multi-line	25.60	26.23	26.80	27.36	27.93	20.36

\* Cumberland Exchange