

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE REQUEST OF CINCINNATI BELL	)	
TELEPHONE COMPANY CONCERNING RATE	)	ADMINISTRATIVE
CASE SCHEDULING AND PROCEDURES	)	CASE NO. 291

O R D E R

On January 14, 1985, Cincinnati Bell Telephone Company ("CBT") filed a Motion and Supporting Memorandum concerning the time scheduling and procedures to use in its upcoming rate case. By letter dated January 16, 1985, all parties of record in CBT's last two general rate cases were given an opportunity to comment upon the motion by January 27, 1985. On January 22, 1985, the Attorney General filed a response stating it does not support any of the options proposed by CBT.

DISCUSSION

CBT's motion requests that the Commission grant it permission to use one of three proposed procedures and schedules. Each of these proposals would require the Commission to accept the filing of a general rate case application by CBT based upon a part historical/part future test year. CBT proposes to use a test year of September, 1984, through August 31, 1985. CBT argues, however, that its proposals would promote customer satisfaction and efficient company operations as a result of substantial

uniformity between the timing of expected rate relief in Ohio and Kentucky. CBT currently expects its pending rate case in Ohio to be decided by September 10, 1985.

Although CBT stated it was aware of the Commission's practice of requiring rate case test years which were historical as of the date of the filing of the case, CBT argues that the practice is not required by the Kentucky Revised Statutes or regulations. CBT also argues that because it would have either 8 or 9 months of actual historical data as of an updated filing in July, 1985, or the initial filing, depending upon the proposal, that it would meet substantial compliance with the practice of filings based upon a totally historical test year.

The Attorney General's response stated that the options proposed by CBT would require a deviation from the use of a historic test year concept and cited other proposals to deviate from the historical test year concept which the Commission had rejected: Administrative Case 264, In the Matter of: South Central Bell Telephone Company's Use Of A Projected Test Year In Connection With South Central Bell Telephone Company's 1983 Application To Adjust Rates and Case No. 9160, In the Matter of: Petition Of South Central Bell Telephone Company To Change And Increase Certain Rates Charges For Intrastate Telephone Service. The Attorney General further stated that CBT's proposal would unduly minimize the Commission's analysis of CBT's financial condition and whether the concept of uniformity between Ohio and Kentucky continues to be in the public interest.

The Commission having considered the motion and the comments of the Attorney General and being advised is of the opinion and finds that:

1. Each of CBT's proposals would involve a deviation from the Commission's practice of requiring a historical test year. A historical test year, with adjustments for known and measurable changes, is generally more representative of a utility's actual operating experience and thus provides a verifiable basis of information in establishing rates.

2. 807 KAR 5:001, Section 6, requires the filing of a detailed income statement and balance sheet covering 12 months and ending not more than 90 days prior to the date the application is filed.

3. Past decisions of the Commission involving requests to deviate from the historical test year concept have denied the requests.

4. CBT has not demonstrated that sufficient cause exists for a deviation from the historical test year concept of 807 KAR 5:001, Section 6.

IT IS THEREFORE ORDERED that CBT's motion for use of one of several proposed schedules and procedures be and it hereby is denied.

Done at Frankfort, Kentucky, this 27th day of March, 1985.

PUBLIC SERVICE COMMISSION

*Richard D. Hemmery*  
Chairman

*[Signature]*  
Vice Chairman

*[Signature]*  
Commissioner

ATTEST:

Secretary \_\_\_\_\_