

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

KENTUCKY CABLE TELEVISION)	
ASSOCIATION, INC.)	
COMPLAINANT)	
)	
VS)	CASE NO. 9024
)	
CINCINNATI BELL, INC.)	
DEFENDANT)	

O R D E R

Background

On March 30, 1984, the Kentucky Cable Television Association ("KCTA") filed a complaint with the Commission concerning the pole and anchor attachment rates and conduit space rates of Cincinnati Bell, Inc. ("Cincinnati Bell"). On June 8, 1984, the Commission held a formal conference with KCTA and Cincinnati Bell, advising them to attempt to reach a settlement of the complaint and submit the proposed settlement to the Commission for its review and approval. On September 28, 1984, the Commission received final correspondence between the counsels of KCTA and Cincinnati Bell verifying that an agreement had been negotiated. On November 27, 1984, Cincinnati Bell filed with the Commission revised tariff pages modifying its pole and anchor attachment rates.

Discussion

In Administrative Case No. 251, The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments, by Orders dated August 12, 1982, and September 17, 1982, the Commission established uniform guidelines for the development of pole attachment and conduit space rates, rules, and regulations. Cincinnati Bell filed its tariff December 9, 1983. On March 30, 1984, KCTA filed a complaint concerning Bell's tariff.

KCTA's complaint focused on Cincinnati Bell's implementation of the pole attachment and conduit use methodology outlined in Administrative Case 251, and Administrative Case 251-4, The CATV Pole Attachment Tariff of Cincinnati Bell.

The issues addressed in KCTA's complaint have been resolved in the settlement between KCTA and Cincinnati Bell.

In its complaint, KCTA contended that Cincinnati Bell's embedded pole costs were calculated using straight averages rather than weighted averages as ordered in Administrative Case 251. However, the settlement was based on weighted average values as determined in previous cases before the Commission.

In its complaint, KCTA developed an annual carrying charge factor differing from the one proposed by Cincinnati Bell. The annual carrying charge factor is composed of five expense allocations: depreciation, maintenance, taxes,

administration and overhead, and rate of return. Of these, depreciation and the rate of return factor are not in dispute, and, thus, do not require discussion.

In its complaint, KCTA contended that the tax allocation methodology utilized by Cincinnati Bell which adhered to the formula approved by the Commission was erroneous in two respects. KCTA contended that calculations were not based on a year-average basis and that Account 309 (Income Credits and charges resulting from prior deferrals of Federal Income Tax) should be subtracted from tax expense accounts. In the settlement between KCTA and Cincinnati Bell average gross plant investment was utilized and account 309 was subtracted. Cincinnati Bell utilized company figures in making the calculation. The Commission will allow this modification of the method of computation ordered in Administrative Case 251-4.

In its complaint, KCTA contended that the maintenance component was based on company-wide maintenance rather than a Kentucky-only figure. This was resolved in the settlement using Kentucky-only figures. The Commission will allow this modification of the method of computation ordered in Administrative Case 251-4.

In its complaint, KCTA contended that the administration and overhead component included grossly inflated administrative and overhead expenses. This was resolved in the settlement. Cincinnati Bell excluded all

traffic expenses from the formula for the administrative and overhead component. The Commission will allow this modification of the method of computation ordered in Administrative Case 251-4.

The rate of return agreed upon by KCTA and Cincinnati Bell weights the rate of return determined in Cincinnati Bell's last rate case by a reserve depreciation factor for pole lines. The Commission will allow this modification of the method of computation ordered in Administrative Case 251-4.

In its complaint, KCTA contends that Cincinnati Bell provided no documentation of how the proposed conduit use rate was determined. At the present time Cincinnati Bell has no customers utilizing conduit. Cincinnati Bell has agreed in the settlement with KCTA not to list rates for conduit in its tariff, based on the fact that no existing customers use conduit. The Commission will allow this modification of Administrative Case 251-4.

Lastly, a provision for retroactive billing adjustments should be allowed. Cincinnati Bell should make this adjustment as it is consistent with the Commission's Order in Administrative Case 251.

Orders

IT IS THEREFORE ORDERED that the Commission's Order in Administrative Case 251-4 be and it hereby is modified as discussed herein.

IT IS FURTHER ORDERED that all other provisions of the Commission's Order in Administrative Case 251-4 not specifically discussed herein shall remain in full force and effect.

IT IS FURTHER ORDERED that Cincinnati Bell's revised pole and anchor attachment and conduit occupancy tariff reflecting its settlement of disputed issues with KCTA be and it hereby is approved effective as of the date of this Order.

IT IS FURTHER ORDERED that KCTA's complaint against Cincinnati Bell's pole and anchor attachment rates and conduit occupancy rates be and it hereby is dismissed.

Done at Frankfort, Kentucky, this 1st day of March, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary