

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE EFFECTS OF THE FEDERAL TAX REFORM)
ACT OF 1986 ON THE RATES OF COMMONWEALTH) CASE NO. 9790
TELECOMMUNICATIONS, INC.)

O R D E R

On January 26, 1987, Commonwealth Telecommunications, Inc., ("Comtel") filed its response by letter to the Commission's Order of December 11, 1986.

Comtel contends its earnings are meager, it has not had a federal income tax liability for the past 3 years, and that it is not a quasi monopoly. Comtel, a radio-telephone common carrier is under full regulation by the Commission for its utility operations. The Commission is concerned with income tax expense not liability. The Commission has asked for recent data to determine the earnings and prospective tax expense of the utility, but until this information is received, earnings and tax expense cannot be estimated.

As such, the Commission finds that Comtel should conform to its Order of December 11, 1986.

IT IS THEREFORE ORDERED that Comtel shall comply with the Commission's Order of December 11, 1986, except that the required information shall be filed by Comtel no later than March 20, 1987.

Done at Frankfort, Kentucky, this 3rd day of March, 1987.

PUBLIC SERVICE COMMISSION

Richard D. Wernau Jr.
For the Commission

ATTEST:

Executive Director