

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 SOUTH CENTRAL BELL TELEPHONE) CASE NO. 9803
COMPANY)

In the Matter of:

DEPRECIATION RATES AND THE)
AMORTIZATION OF THE DEPRECIATION)
RESERVE DEFICIENCY OF SOUTH CENTRAL) CASE NO. 9923
BELL TELEPHONE COMPANY)

O R D E R

On April 27, 1987, South Central Bell Telephone Company ("SCB") filed a Motion to Consolidate the cases referenced above, Case No. 9803 ("Tax Case") and Case No. 9923 ("Depreciation Case"). SCB requests that the Commission consider its proposed depreciation rates and amortization in conjunction with the Tax Case for the purpose of determining the amount of rate adjustment necessary as a result of the Tax Reform Act of 1986 ("TRA").

The Commission, after consideration of the Motion, and being advised, is of the opinion and finds that the Motion should be denied. As stated in its Order of December 11, 1986, the Commission intended that the Tax Case be conducted for the purpose of determining the effects of the TRA. In addition, the Commission finds no compelling reason, based on SCB's Motion, to complicate

and unduly expand the Tax Case to include the depreciation issues presented in the Depeciation Case.

The finding to deny SCB's Motion does not preclude SCB from presenting at the hearing any evidence it considers appropriate regarding the need to offset its tax savings against the proposed increase in depreciation expense.

IT IS THEREFORE ORDERED that SCB's Motion to consolidate the Depreciation Case with the Tax Case be and it hereby is denied.

Done at Frankfort, Kentucky, this 8th day of May, 1987.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director