

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE)
REASONABLENESS OF THE EARNINGS OF) CASE NO. 9859
BRANDENBURG TELEPHONE COMPANY, INC.)

O R D E R

On November 2, 1981, this Commission issued an Order in Case No. 8175, The Petition of Brandenburg Telephone Company, a Kentucky Corporation, for Authority to Increase its Exchange Rates and Charges and Certain Other Rates and Charges, granting Brandenburg Telephone Company, Inc., ("Brandenburg") the authority to earn 9 percent on its net investment. In the years subsequent to that Order, Brandenburg has earned an average return on its investment of 16 percent which is substantially in excess of the allowed return. For calendar years 1984 and 1985 the average return has approximately doubled the allowed return as reflected in annual reports on file with the Commission. From an analysis of Brandenburg's operations, it appears these excessive returns will continue.

IT IS THEREFORE ORDERED that:

1. Brandenburg shall file a response with the Commission, within 60 days from the date of this Order, showing the reasons why its rates should not be reduced in order to achieve a more reasonable return on its investment.

2. Brandenburg shall file the following information:

a. A detailed income statement for a 12-month period ending not more than 90 days prior to the date the response is filed.

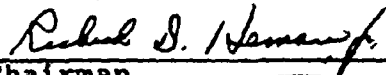
b. A balance sheet prepared to correspond to the end of the 12-month period referenced above.

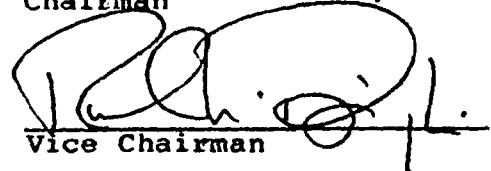
c. Calculations of Brandenburg's return on net investment, return on equity and its times interest earned ratio for the same 12-month period.

d. A schedule of rates along with supporting documentation and testimony reflecting any proposed rate reduction.

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

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director