COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF GTE SOUTH, INCORPORATED	) CASE NO. 10117

In the Matter of:

TARIFF APPLICATION OF GENERAL TELEPHONE COMPANY OF THE SOUTH, INC.	) CASE NO. 10171

O R D E R

On May 17, 1988, AT&T Communications of the South Central States, Inc. ("AT&T") moved the Commission for a hearing in Case No. 10171 and to consolidate that case with the general rate proceeding, Case No. 10117. In support of its Motion, AT&T states that GTE South Incorporated ("GTE") has increased the amount of non-traffic sensitive costs it intends to recover through access charges and that such increase is contrary to Orders in Case No. 8838, An Investigation of Toll and Access Charge Pricing and Toll Settlement Agreements for Telephone Utilities Pursuant to Changes to be Effective January 1, 1984. Further, AT&T states that GTE is proposing to increase its access charges without the necessary cost study, that GTE is proposing the use of a questionable methodology to allocate costs to interLATA services, and that GTE is proposing to include an unauthorized cost of capital component in its access tariff.

In conjunction with the Motion for a Hearing and for Consolidation of these cases, AT&T has filed a Motion to expedite discovery, so that its concerns about GTE's proposed access tariff can be addressed within the general rate case.

On May 25, 1988, GTE filed its response to AT&T's Motions. GTE is of the opinion that AT&T's Motion for a hearing should be denied because the issues of which AT&T complains were addressed in Case No. 8838 and should not now be relitigated. GTE also states that the issues raised by AT&T are generic in nature and should not be addressed in a proceeding which is specific to one company. In response to AT&T's Motion to Consolidate, GTE states that consolidation would be extremely disruptive to the general rate case at this point, that AT&T has been a party to the general rate case since February, 1988 and as such has been aware of the established procedural schedule in Case No. 10117. Thus, GTE contends that substantial alterations to the procedural schedule should not now be made.

In response to AT&T's Motion for expedited discovery, GTE states that responses to the information requests, which AT&T tendered with the Motion, cannot possibly be prepared prior to the June 8, 1988 hearing in Case No. 10117, without seriously jeopardizing GTE's preparation for the general rate case.

On May 25, 1988, the Attorney General, by and through his Utility and Rate Intervention Division, and Lexington-Fayette Urban County Government (referred to collectively as "AG") filed a response to AT&T's Motions. The AG contends that the issues raised by AT&T are of a generic nature and should not, therefore,

be addressed in the context of the general rate proceeding or the access tariff application. Thus, the AG requests that AT&T's Motions for Hearing and to Consolidate be denied.

On May 31, 1988, AT&T filed a reply to the responses of GTE and the AG stating that its concerns with GTE's access tariff proposal are not limited to the issues identified by GTE and the AG. AT&T's concerns include serious questions as to whether GTE's filings demonstrate inadequate disclosure of financial matters, whether volumes of usage are being understated and whether GTE will use different data for the separate cases. Thus, AT&T believes that consolidating the access tariff proceeding and the general rate proceeding will afford better scrutiny of the filings than will maintaining separate dockets.

The Commission, being advised, is of the opinion and finds that:

1. AT&T's Motion for a Hearing in Case No. 10171 should be granted because of the significant unresolved issues concerning GTE's access tariff proposal.

2. AT&T's Motion to Consolidate Case No. 10171, GTE's access tariff proposal, with Case No. 10117, GTE's general rate proceeding, should be denied. Consolidation of these cases at this time would be disruptive to the general rate case and is unnecessary.

3. AT&T's Motion for Expedited Discovery should be denied as the Commission is denying the Motion to Consolidate the cases.

4. The schedule of events contained in the attached Appendix is reasonable and should be adopted for Case No. 10171.

Each of the above findings is HERBY ORDERED.

Done at Frankfort, Kentucky, this 2nd day of June, 1988.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10117 AND CASE NO. 10171 DATED JUNE 2, 1988.

SCHEDULE OF EVENTS FOR CASE NO. 10171

Information Requests from Intervenors to Company due.....6/03/88

Company Responses to Information Requests due.....6/13/88

Company's and Intervenors' Testimony Concerning:
1) the appropriate amount of non-traffic sensitive costs to be recovered through access charges; 2) whether GTE has complied with the cost study requirements; 3) whether the methodology used to allocate costs to interLATA services is appropriate; 4) the appropriate rate of return for this line of business; 5) any other issue deemed relevant by GTE or Intervenors, due.....6/24/88

Hearing in the Commission's Offices beginning at 9:00 a.m. 6/29/88

End of Suspension.....8/01/88