

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE KENTUCKY )  
INTRASTATE RATES OF SOUTH CENTRAL ) CASE NO. 10105  
BELL TELEPHONE COMPANY )

O R D E R

Introduction

On September 30, 1988, the Commission released an Order in this case that approved an incentive regulation plan. On April 27, 1989, the Commission released an Order in this case that addressed rate reductions and rate increases that might occur under the incentive regulation plan. On May 17, 1989, South Central Bell Telephone Company ("South Central Bell") filed a motion for reconsideration of the April 27 Order. On May 26, 1989, the Attorney General, by and through his Utility and Rate Intervention Division, filed a response to South Central Bell's motion for reconsideration.

Discussion

South Central Bell moves the Commission to reconsider its treatment of touch tone charges and miscellaneous services.

First, the Commission designated touch tone charges as a rate reduction priority in the total amount of \$12 million. However, the Commission noted some reservations and indicated that it would entertain a motion from South Central Bell on the issue.<sup>1</sup> South

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<sup>1</sup> Case No. 10105, Order dated April 27, 1989, page 16.

Central Bell does not dispute the priority status accorded touch tone charges or the total amount of the authorized reduction. Instead, South Central Bell asks the Commission to modify its ruling to permit touch tone reductions in the maximum amount of \$3 million at each point of test, as originally proposed.<sup>2</sup>

The Attorney General opposes reconsideration on the treatment of touch tone charges, on the grounds that (1) South Central Bell did not provide any new or additional information to support reconsideration; (2) elimination rather than reduction of touch tone charges will produce greater consumer benefits; and (3) elimination of touch tone charges will make toll rate reductions less likely.<sup>3</sup>

Second, the Commission designated miscellaneous services as a rate increase priority in the total amount of \$1 million. The Commission ordered miscellaneous services increased "across-the-board." South Central Bell does not dispute the priority status accorded to miscellaneous services or the total amount of the authorized reduction. South Central Bell does dispute the across-the-board nature of the Commission's ruling and points to information in the record of the case where it itemized the miscellaneous services it intended to increase.<sup>4</sup> Accordingly, South Central Bell asks the Commission to modify its ruling.

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<sup>2</sup> South Central Bell Motion for Reconsideration, page 2.

<sup>3</sup> Response of the Attorney General, pages 2-5.

<sup>4</sup> Ibid., pages 2-3.

The Attorney General does not oppose amendment of the Commission's ruling on the treatment of miscellaneous services.<sup>5</sup>

Findings and Orders

The Commission, having considered South Central Bell's motion and the Attorney General's response, and being sufficiently advised, is of the opinion and finds that:

1. South Central Bell's motion regarding the treatment of touch tone charges should be granted, except that reductions at each point of test will not commence until priority items 1-3 are satisfied. This condition is consistent with the Commission's ruling on the implementation of rate reductions.

2. South Central Bell's motion regarding the treatment of miscellaneous services should be granted. Accordingly, Appendix B to the Commission's Order of April 27, 1989, should be modified to increase rates for miscellaneous services per South Central Bell's response to the Commission's information request dated January 20, 1989, item 21.

BE IT SO ORDERED.

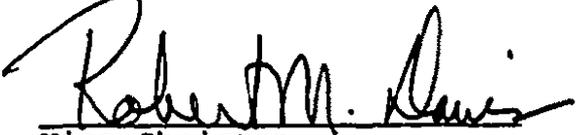
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<sup>5</sup> Response of the Attorney General, page 1.

Done at Frankfort, Kentucky, this 6th day of June, 1989.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director