

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE CATV POLE ATTACHMENT)
TARIFF OF SOUTH CENTRAL) ADMINISTRATIVE
BELL TELEPHONE COMPANY) CASE NO. 251-18

O R D E R

Procedural Background

On June 29, 1983, South Central Bell Telephone Company ("Bell") filed a request for clarification of the Commission's Order of June 1, 1983, and an extension of time to file its CATV pole attachment tariff. On July 1, 1983, the Kentucky Cable Television Association ("KCTA") filed a petition for reconsideration of the Commission's Order of June 1, 1983. On July 14, 1983, Bell filed a motion to strike evidentiary material contained in KCTA's petition for reconsideration.

Opinions and Findings

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Bell's request for clarification and KCTA's petition for reconsideration to modify the methodology for calculating annual carrying charge components outlined in the Commission's Order of June 1, 1983, should be denied. First, Bell incorrectly assumes that the Commission intended to relate each annual carrying charge component to average gross plant investment. The

Commission neither intended to relate nor in fact related each annual carrying charge component to average gross plant investment; and, moreover, Bell has not demonstrated that to do so, as it proposes, would result in more accurate or more reasonable estimates of cost than the estimates developed by the Commission. Also, Bell's argument that income credits and charges resulting from deferred income taxes and KCTA's argument that deferred income taxes should not be included in the annual carrying charge tax component are unreasonable. Each of these variables shapes the overall tax liability for which Bell's customers must bear the ultimate burden, including CATV customers; and, moreover, the treatment accorded to taxes is consistent with the treatment accorded to taxes in arriving at Bell's revenue requirement in a general rate case. Finally, KCTA's argument that the annual carrying charge administration and overhead component includes cost elements directly unrelated to CATV service ignores the fact that these expenses are general in nature and common to all Bell customers, including CATV customers, and are therefore allocable to all rates charged by Bell, including CATV rates.

2. Bell's request for clarification to reflect 1982 pole and conduit investment in its pending CATV rates should be approved. The Commission allowed Bell to use 1982 annual carrying charge data and intended to allow 1982 pole and conduit investment. However, the Commission did not intend to and will not now grant Bell automatic authority to adjust CATV rates on an annual or any other periodic basis. Bell may apply to adjust CATV

rates at any time in accordance with procedures outlined in the Commission's administrative regulations.

3. Bell's request for clarification to substitute a conduit fill factor based on its methodology for a conduit fill factor based on the National Electric Code ("NEC") should be approved. Bell is correct in its argument that the NEC does not apply to installations of communications equipment. Also, the Commission, in its generic Order in Administrative Case No. 251, The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments, dated September 17, 1982, stated that:

. . .the National Electric Code ("NEC") sets forth the maximum allowable fill percentage for wire placed in the various sizes of conduit, where electrical conductors are involved. When only communications conductors are involved, the telephone utilities should use fill standards appropriate to that industry, with documentation supporting such standards. (p. 18.)

The Commission is of the opinion that Bell has filed an appropriate methodology and adequate supporting documentation. Therefore, the Commission will modify its Order of June 1, 1983, and allow Bell to use a conduit fill factor based on the methodology outlined in its initial CATV tariff filing and reiterated in its request for clarification.

4. Bell's request for clarification to develop an annual carrying charge for conduit rates consistent with the annual carrying charge for pole attachment rates should be approved. The Commission outlined the annual carrying charge methodology for pole attachment rates and intended that the same methodology be

used for conduit rates, with appropriate substitution of conduit depreciation and maintenance cost elements.

5. The Commission's Order of June 1, 1983, did not specify a date on which Bell should file its revised CATV pole attachment tariff. Therefore, Bell's request for an extension of time to file is not required.

6. KCTA's petition for reconsideration to disallow a contribution to the cost of basic service from CATV rates should be denied. KCTA has raised this objection in the past and it has been denied in the past, both in the Commission's generic Order of September 17, 1982, in which the Commission allowed a contribution, and, specifically, in its Bell Order of June 1, 1983.

7. KCTA's petition for reconsideration to disallow a surcharge on "make-ready" work that precedes CATV installations should be denied. KCTA has raised this objection in the past and it has been denied in the past, both in the Commission's generic Order of September 17, 1982, in which the Commission allowed a surcharge, and, specifically, in its Bell Order of June 1, 1983.

8. Bell's motion to strike evidentiary material in KCTA's petition for reconsideration should be granted. The evidentiary record in Administrative Case No. 251 is closed and KCTA must limit itself to comment on specific tariff filings resulting from the Commission's generic Order in the case.

Orders

IT IS THEREFORE ORDERED that Bell's request for clarification and KCTA's petition for reconsideration to modify

the methodology for calculating annual carrying charge components be and they hereby are denied.

IT IS FURTHER ORDERED that Bell's request for clarification to reflect 1982 pole and conduit investment in its CATV rates be and it hereby is approved.

IT IS FURTHER ORDERED that Bell's request for clarification to substitute a conduit fill factor based on its methodology for a conduit fill factor based on the NEC be and it hereby is approved.

IT IS FURTHER ORDERED that Bell's request for clarification to develop an annual carrying charge for conduit rates consistent with the annual carrying charge for pole attachment rates be and it hereby is approved.

IT IS FURTHER ORDERED that within 30 days from the date of this Order Bell shall file a revised CATV pole attachment tariff consistent with the Commission's findings in its Order of June 1, 1983, and the modifications approved in this Order.


IT IS FURTHER ORDERED that KCTA's petition for reconsideration to disallow a contribution from CATV rates be and it hereby is denied.


IT IS FURTHER ORDERED that KCTA's petition for reconsideration to disallow a surcharge on "make-ready" work be and it hereby is denied.

IT IS FURTHER ORDERED that Bell's motion to strike evidentiary portions of KCTA's petition for reconsideration be and it hereby is approved.

Done at Frankfort, Kentucky, this 19th day of July, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary