

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF CONTINENTAL TELEPHONE )  
COMPANY OF KENTUCKY OF AN AD- ) CASE NO. 8659  
JUSTMENT IN ITS RATES )

ORDER ON PETITIONS FOR REHEARING

On April 18, 1983, the Commission issued its Order granting Continental Telephone Company of Kentucky ("Continental") \$1,519,642 in additional revenue for services rendered from its intrastate telephone operations. On May 6, 1983, and May 9, 1983, the Consumer Protection Division of the Attorney General's Office ("AG") and Continental, respectively, pursuant to KRS 278.400 petitioned the Commission to rehear, reconsider and/or modify its Order entered April 18, 1983.

The AG's petition presented four issues on which it requested reconsideration. The first issue is the Commission's allowance of the partial recovery of the third phase of expensing station connections. The AG alleges that Continental withdrew its proposed pro forma adjustment. As was explained in the original Order, the Commission views the adjustment as proper and consistent with the treatment given in the Commission's Order in Continental's previous rate case, Case No. 8428, entered June 18, 1982. Therefore, reconsideration on this issue should be denied.

The AG's second issue concerned the Commission's adjustment to toll revenue. The AG alleges that the Commission erred in adopting Continental's year-end historical settlement figure instead of annualizing a few months of more current data as was done in Continental's last rate case, Case No. 8428. Both the Order in this case and the Order in Case No. 8428 discussed the reasons for the use of the particular methodology and no persuasive arguments have been presented to alter these decisions. Therefore, reconsideration on this issue should be denied.

The third issue raised by the AG involved the admission of evidence concerning the Popenoe Plan and the Subscriber Plant Factor changes submitted subsequent to the cross-examination of Continental's witness. Adjustments for both of these changes were known and measurable, and moreover, were mandated by the Federal Communications Commission. Therefore, reconsideration on this issue should be denied.

The final issue raised by the AG concerned the Commission's treatment of Continental's transactions with affiliated companies. The AG stated in its brief that an adjustment should be made, but failed to identify the need for nor the amount of any specific adjustment. The AG has presented no new evidence in its petition for reconsideration, and therefore rehearing on this issue should be denied.

The first issue raised by Continental in its petition concerned the Commission's adjustment for the tax and interest synchronization for the imputed debt component of Job Development Investment Tax Credits. Because this issue is pending in the Court of Appeals in Continental's appeal of a previous rate case and there was no new evidence presented in this case, reconsideration on this issue should be denied.

The second issue raised by Continental concerned an alleged "short-fall" of \$27,162 in revenue from Basic Exchange Service, presumably resulting from an error in the calculation of additional revenue from employee service. The Commission will grant Continental's petition for reconsideration on this issue, subject to the filing of certain additional information.

The third issue raised by Continental concerned an alleged "short-fall" of \$3,906 in revenue from Miscellaneous Service Arrangements and Auxiliary Equipment, presumably resulting from an error in calculating premium telephone set rates. The Commission will grant Continental's petition for reconsideration on this issue, subject to the filing of certain additional information.

The fourth issue raised by Continental concerned an alleged error in the prescribed rate for residence speed-calling service. The Commission will grant Continental's petition for reconsideration on this issue, subject to the filing of certain additional information.

The additional information is necessary to fully substantiate Continental's petition concerning billing errors. Continental should file a verified statement in the format of Notice Exhibit Section (9)(1)(B)&(E), showing its calculation of the additional revenue produced by the rates prescribed in Appendix A to the Commission's Order of April 18, 1983.

IT IS THEREFORE ORDERED that the AG's petition for reconsideration be and it hereby is denied.

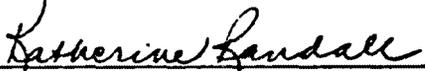
IT IS FURTHER ORDERED that Continental's petition be and it hereby is denied in part and granted in part as discussed above.

IT IS FURTHER ORDERED that within 10 days from the date of this Order Continental shall file information in the format of Notice Exhibit (9)(1)(B)&(E), showing its calculation of the additional revenue produced by the rates prescribed in Appendix A to the Commission's Order of April 18, 1983.

Done at Frankfort, Kentucky, this 26th day of May, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

ATTEST:

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Secretary

  
Commissioner