

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF LEWISPORT)
TELEPHONE COMPANY INC., FOR) CASE NO. 8817
APPROVAL OF THE EXPENSING)
OF STATION CONNECTIONS)

O R D E R

Procedural Background

On April 12, 1983, Lewisport Telephone Company, Inc., ("Lewisport") filed an application to increase service connection charges to recover increased expenses resulting from Phase 3 expensing of station connections, pursuant to the Commission's Orders of September 28, 1981, and June 15, 1982, in Case No. 8343, The Application of Lewisport Telephone Company, Inc., to Consider Changes with Respect to the Expensing of Station Connections Resulting From the Amendment of the Uniform System of Accounts. Lewisport also proposed to restructure its service connection charges. On April 27, 1983, Lewisport's application was suspended to allow the maximum statutory time for investigation. On August 3, 1983, the Commission ordered Lewisport to file certain information relating to the expensing of station connections. Lewisport filed the information by September 16, 1983, and the Commission has received no comments from any interested party.

In Case No. 8343, the Commission allowed Lewisport the opportunity to file tariffs on an annual basis to recover expenses related to the Commission's adoption of a 4-year phase-in plan for the expensing of station connections. The Commission also conditioned rate relief on Lewisport's inability to absorb any increased expense, based on the rate of return approved in its most recent rate case. The information Lewisport has filed in the case has been examined and the Commission has determined that it complies with the Commission's criteria established to determine absorption potential.

Findings

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

1. Lewisport's return on rate base for the 12-month period ending December 31, 1982, is 2.07 percent.
2. Absorption of any portion of the increased operating expense due to the expensing of station connections will materially impair Lewisport's ability to earn the return on rate base of 2.16 percent allowed on January 20, 1975, in Case No. 6119, Application of Lewisport Telephone Company for Authority to Borrow \$705,000 From the Rural Electrification Administration to Eliminate the Offering of Two and Four-Party Service and to Establish Rates.
3. Lewisport's proposal to restructure its service connection charges should be approved.
4. The service connection rates proposed by Lewisport should be denied because they produce revenues in excess of the

additional revenue requirement of \$6,057 due to phase 3 expensing of station connections.

5. The rates in Appendix A are compensatory and are the fair, just and reasonable rates for Lewisport to charge its customers for service connections.

Orders

IT IS THEREFORE ORDERED that Lewisport's proposed service connection charge rate structure be and it hereby is approved.

IT IS FURTHER ORDERED that Lewisport's proposed service connection rates be and they hereby are denied.

IT IS FURTHER ORDERED that Lewisport be and it hereby is authorized the service connection rates in Appendix A, effective October 1, 1983.

IT IS FURTHER ORDERED that within 30 days from the date of this Order Lewisport shall file with the Commission revised tariff sheets stating the rates authorized in Appendix A.

Done at Frankfort, Kentucky, this 3rd day of October, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8817 DATED October 3, 1983.

The following rates and charges are authorized for the customers in the area served by Lewisport Telephone Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Classification of Service

<u>Service Charge</u>	<u>Non-recurring Rate</u>	
	<u>Business</u>	<u>Residence</u>
Service Order	\$ 3.35	\$ 3.35
Line Connection	8.15	8.15
Premises Visit	9.20	9.20
Premises Work	19.15	13.15
Station Handling	4.90	4.90