

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

ADJUSTMENT OF RATES OF)
GENERAL TELEPHONE) CASE NO. 8859
COMPANY OF KENTUCKY)

O R D E R

On July 15, 1983, General Telephone Company of Kentucky ("General") filed its notice of a rate adjustment. In part, General requested an expedited investigation concerning Phase 3 expensing of station connections and an Order authorizing rates by October 1, 1983.

OPINIONS AND FINDINGS

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

1. In Case No. 8045, Adjustment of Rates of General Telephone Company of Kentucky, the Commission ordered General to file its application for Phase 3 expensing of station connections 20 days prior to May 15, 1983. However, General failed to file as required in Case No. 8045.

2. General will incur additional expenses associated with Phase 3 expensing of station connections on October 1, 1983. The suspension period in Case No. 8859 ends January 4, 1984, well after the October 1, 1983, date established by the Federal Communications Commission for implementing Phase 3 expensing of

station connections. Therefore, General should be allowed an expedited investigation for Phase 3 expensing of station connections.

3. General's application concerning Phase 3 expensing of station connections should be transferred from Case No. 8859 to Case No. 8045, to allow an investigation of absorption potential separate from other issues in Case No. 8859, excluding the issues of repression and service charge restructuring. In order for the Commission to complete an expedited investigation of limited scope, General should file actual service charge billing units for the test year ended April 30, 1983, consistent with its service charge rate structure in effect at that time.

ORDERS

IT IS THEREFORE ORDERED that General's application concerning Phase 3 expensing of station connections be and it hereby is transferred from Case No. 8859 to Case No. 8045.

IT IS FURTHER ORDERED that the Commission's investigation of Phase 3 expensing of station connections be and it hereby is limited to the issue of absorption potential.

IT IS FURTHER ORDERED that General shall file a schedule, based on actual results adjusted to reflect the annual effect of all rate increases, demonstrating that absorption of this increase in operating expenses will result in General's inability to achieve the return on equity approved in its most recent rate case. The criteria for performing the absorption potential analysis have been previously delineated in Case Nos. 8045 and

8150, Notice of South Central Bell Telephone Company of an Adjustment in its Intrastate Rates and Charges.

IT IS FURTHER ORDERED that General shall file with the Commission actual service charge billing units for the test year ended April 30, 1983, consistent with its service charge rate structure in effect at that time, on or before September 19, 1983.

Done at Frankfort, Kentucky, this 14th day of September, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary