

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE DETARIFFING OF CUSTOMER)	
PREMISES EQUIPMENT PURCHASED)	
SUBSEQUENT TO JANUARY 1, 1983)	ADMINISTRATIVE
(SECOND COMPUTER INQUIRY FCC)	CASE NO. 257
DOCKET 20828))	

O R D E R

On November 24, 1982, the Commission issued an Order to all telephone utilities subject to its jurisdiction concerning the decision of the Federal Communications Commission ("FCC") in Docket CC 20828, Second Computer Inquiry ("Computer II"). In its decision, the FCC ruled that all new terminal equipment purchased subsequent to January 1, 1983, should be detariffed and no longer subject to regulation. As part of its November 24, 1982, Order, the Commission required each of the telephone utilities to adopt the FCC system of account revisions to comply with the Computer II decision and to file allocation procedures necessary to maintain appropriate and separate accounts for new customer premises equipment ("CPE").

Allocation methodologies and accounting procedures were approved for General Telephone Company of Kentucky in Case No. 8258, General Telephone Company of Kentucky for an Order Implementing a Direct Sales Program Relating to its Single Line Telephone Instruments, dated January 17, 1983; Alltel Telephone

Company of Kentucky (formerly Allied Telephone Company of Kentucky and, also, Echo Telephone Company) in Case No. 8456, The District Sale of Terminal Equipment Tariff Application of Echo Telephone Company, dated March 18, 1983; and Contel Telephone Company of Kentucky (formerly Continental Telephone Company) in Case No. 8765, The Tariff Application of Continental Telephone Company of Kentucky to Provide for the Sale of In-place Terminal Equipment, dated July 1, 1983. Sales and leases of new CPE by South Central Bell Telephone Company of Kentucky was transferred to American Telephone and Telegraph Information Systems, Inc., (formerly American Bell, Inc.) effective January 1, 1983.

In its Order of May 13, 1983, the Commission tentatively approved the joint accounting procedures and allocation plan of 13 of the remaining telephone utilities subject to a review of actual results for the calendar year 1983.¹ On May 15, 1984, the accounting procedures and allocation plans of the remaining four

¹ Ballard Rural Telephone Cooperative Corporation, Inc.
Duo County Telephone Cooperative Corporation, Inc.
Foothills Rural Telephone Cooperative Corporation, Inc.
Harold Telephone Company, Inc.
Leslie County Telephone Company, Inc.
Lewisport Telephone Company, Inc.
Logan Telephone Cooperative, Inc.
Mountain Rural Telephone Cooperative Corporation, Inc.
Peoples Rural Telephone Cooperative Corporation, Inc.
Salem Telephone Company
South Central Rural Telephone Cooperative Corporation, Inc.
Thacker-Grigsby Telephone Company, Inc.
West Kentucky Rural Telephone Cooperative Corporation, Inc.

telephone utilities were tentatively approved subject to the same conditions.²

A review of the results for 1983 reflects a wide array of reporting methodologies. Some of the utilities stated that nonregulated activities were too minor to require the implementation of allocation procedures for 1983, but these utilities did implement procedures for 1984, while other utilities deviated from the plans approved in earlier Orders. Although it does appear that a majority of the utilities exerted a conscious effort to appropriately account for their nonregulated activities, the Commission is of the opinion that all utilities must implement allocation methodologies and accounting procedures for all nonregulated activities.

The Commission therefore approves the joint allocation methodology and accounting procedures along with the plans used by other individual utilities. It is realized by the Commission that deviations will result over time and with experience. The Commission is of the opinion that when such deviations result in better accountability of nonregulated activities, such deviations should not be limited. However, the Commission does apprise any utility that close scrutiny will be afforded nonregulated

² Brandenburg Telephone Company
Highland Telephone Cooperative, Inc.
North Central Telephone Cooperative, Inc.
Century Telephone Enterprises, Inc.

activities to assure that the regulated ratepayer will not be responsible for such transactions.


IT IS THEREFORE ORDERED that the accounting procedures and allocation methodologies implemented by the telephone utilities be and they hereby are approved.

IT IS FURTHER ORDERED that deviations from the approved allocation methodologies are not prohibited so long as appropriate accountability is maintained and they be subject to Commission review.

IT IS FURTHER ORDERED that each telephone utility shall maintain its records in such fashion as to readily allow the Commission to review the reasonableness and appropriateness of the accountability of nonregulated activities.

Done at Frankfort, Kentucky, this 4th day of October, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary