

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF NORTH CENTRAL)
TELEPHONE COOPERATIVE, INC., TO)
CONSIDER CHANGES WITH RESPECT TO)
THE EXPENSING OF STATION CON-) CASE NO. 8346
NECTIONS RESULTING FROM THE)
AMENDMENT OF THE UNIFORM SYSTEM)
OF ACCOUNTS)

O R D E R

Procedural Background

On October 10, 1983, North Central Telephone Cooperative, Inc., ("North Central") filed an application with the Commission to increase service connection charges to recover increased expenses resulting from phase 2 and 3 expensing of station connections, pursuant to the Commission's Order of September 28, 1981, in this case.

On December 21, 1983, the Commission ordered North Central to file certain information relating to the expensing of station connections. The same Order was reissued on February 1, 1984. On March 16, 1984, North Central filed its information response. However, the response was incomplete and on March 27, 1984, the necessary additional information was ordered. This Order was reissued on May 21, 1984. On July 12, 1984, North Central filed the additional information, completing the record in the case, as no hearing is needed.

The Commission has received no comments from any interested party.

Discussion

In the Commission's Order of September 28, 1981, in this case, the Commission allowed North Central 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 North Central's inability to absorb any increased expense, based on the rate of return approved in its most recent rate case.

North Central is a Tennessee Corporation established by and under the laws of the State of Tennessee operating in the Commonwealth of Kentucky. North Central's accounting records are not maintained on a jurisdictional basis. Thus, station connection expenses are not separated between Tennessee and Kentucky, except by simple allocation based on the relative number of jurisdictional access lines. Also, North Central's station connection charges are currently the same for subscribers in both Kentucky and Tennessee and, since the Tennessee Public Service Commission does not exert jurisdiction over North Central, the station connection rates authorized in this Order will be adopted by North Central in both Kentucky and Tennessee.

In an Order in this case of December 12, 1982, North Central was authorized a partial recovery of phase 1 station

connection expenses in the amount of \$25,716, based on a total company (unseparated) revenue requirement of \$60,057. The Commission in its Order dated December 20, 1983, in Case No. 8864, The Application Of North Central Telephone Cooperative, Inc., For Authority To Adjust Its Rates And Charges, denied North Central's request for a rate case adjustment in the amount of \$27,139 for additional station connection expenses. This adjustment was deferred to this case on the basis that such review was more appropriate in this proceeding.

Information filed by North Central in this case indicates total company (unseparated) phase 2 station connection expenses in the amount of \$76,692 and phase 3 station connection expenses in the amount of \$91,734. On an incremental basis, phase 2 and phase 3 represent an annual increase of \$31,677. However, North Central has filed station connection rates and charges to recover only \$5,868. Although we are herein approving North Central's requested rates, the Commission advises North Central to review its financial condition since the revenue produced does not offset the increased expense.

Findings and Orders

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

1. In Case No. 8864, North Central was authorized a times interest earned ratio ("TIER") of 1.4X and that

additional revenue in the amount of \$5,868 will not materially affect North Central's authorized TIER.

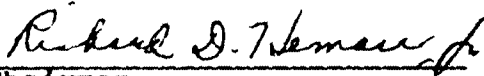
2. The rates in Appendix A are the fair, just, and reasonable rates for North Central to charge its customers for service connection on and after the date of this Order.

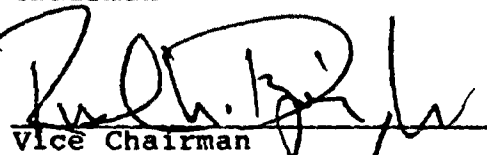
IT IS THEREFORE ORDERED that North Central's proposed service connection rates be and they hereby are approved, effective the date of this Order, as stated in Appendix A.

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

Done at Frankfort, Kentucky, this 29th day of August, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8346 DATED 8/29/84

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

General Services Tariff

4. Service Charges

D. Rates

	<u>Business or Residence</u>
1. Service Order	\$ 5.00
2. Premises Visit	17.00
3. Central Office Charges	
a. Wiring Charge	3.00
b. Line Assignment Charge	2.00
4. Line Connection Charges	
a. Exchange Lines, each	11.00
b. PBX and Key Trunks	11.00
5. Wiring Charges	
a. Standard Wiring, per Connection Apparatus	10.00
b. Pre-Installed Wiring, Per Order	
1. From 1 to 4 Connections Apparatus Locations	25.00

2. Each Additional Connecting Apparatus Locations	5.00
6. Station Handling Charges Telephones for use with 4-Conductor Jacks, connected or changed, each	5.00
7. Other Charges	
a. Maintenance Visit Charge	50.00
b. Denied Service Restoral Charge	17.00
c. Dishonored Check Charge, per account, per return	10.00
d. Underground Drop Charge	20.00