COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF SOUTH CENTRAL BELL TELEPHONE COMPANY OF AN ADJUSTMENT IN ITS INTRASTATE RATES AND CHARGES	)	CASE NO. 8847
AND		
THE VOLUME USAGE MEASURED RATE SERVICE AND MULTILINE SERVICE TARIFF FILING OF SOUTH CENTRAL BELL TELEPHONE COMPANY	)	CASE NO. 8879

ORDER ON REHEARING

On July 29, 1983, South Central Bell Telephone Company ("SCB") filed tariffs and testimony giving notice that it proposed to increase its rates and charges effective August 18, 1983, which would produce an increase in annual revenue of $163,238,000. The Commission, in order to determine the reasonableness of the request, suspended the proposed rates and charges for 5 months and on January 18, 1984, issued an Order granting an increase in annual revenue of $56,798,000.

On February 7, 1984, the Kentuckiana Burglar and Fire Alarm Association, Inc., ("KBFAA") filed a motion and memorandum in support thereof seeking rehearing or reconsideration relating to private line rates, specifically the Series 1000, Type 1101 and Telemetry/Alarm Bridging Service ("TABS") services. On February 8, 1984, SCB filed its Petition for Rehearing on various designated issues. The Attorney General's Division of Consumer Protection ("AG") filed responses to the rehearing requests on February 17, 1984, and February 21, 1984. On February 24, 1984, SCB filed a response to the AG.

On February 27, 1984, the Commission, upon reconsideration of the evidence of record, issued an Order granting SCB a rehearing on the issues of (1) the Commission's customer premises equipment ("CPE") adjustment, (2) the detariffing of nonrecurring installed complex wiring and (3) the tariff price-out. The Commission also granted the KBFAA a rehearing on the issue of TABS, subject to SCB filing certain supplementary evidence with regard to the aforementioned issues. All other issues requested for reconsideration were denied.

On March 30, 1984, the Communication Workers of America, District 10, AFL-CIO ("CWA") filed a motion to intervene and/or reconsideration on the issue of wages and wage-related increases proposed with respect to April, July and August, 1984, which had been denied in the Commission's Order of January 18, 1984. On April 5, 1984, the AG filed its response requesting that the Commission deny the CWA motion. The Commission on April 9, 1984, issued an Order denying intervention of the CWA in this matter without prejudice.

On March 20, 1984, SCB filed its responses to the Commission's February 27, 1984, Order in this matter. At a public hearing held at the Commission's offices on April 10, 1984, SCB made its witnesses available for cross-examination on the issues granted reconsideration. The only intervenors of record to appear at the rehearing were the AG, the KBFAA, and AT&T Communications of the South Central States, Inc. On April 26, 1984, SCB responded to oral requests made during the cross-examination of April 10, 1984.

The AG and the KBFAA filed post-hearing briefs on April 30, 1984, and May 9, 1984, respectively. On May 7, 1984, and May 18, 1984, SCB filed responses to the post-hearing briefs of the AG and the KBFAA, respectively.

During cross-examination, the AG was overruled in its motion to attempt to demonstrate that the level of contribution from CPE found reasonable in the Commission's Order issued January 18, 1984, in this matter was inappropriate. Since the AG had not filed a Petition for Rehearing challenging the Commission's findings made regarding the level of lost contribution from this source as required by KRS 278.400, this issue was outside the scope of the rehearing and was, accordingly, not properly raised.

The AG then proposed to make an offer of proof in this regard and, over the objections of SCB, the Commission permitted cross-examination by avowal to proceed. In its avowal, the AG attempted to prove that the $20.8 million level of lost contribution from CPE found reasonable in the Commission's Order was erroneous. In support of its contentions, the AG asserted that the use of the 1982 Embedded Direct Analysis ("EDA") did not include any adjustments to reflect 1983 actual results and would not properly reflect post-divestiture operations. The AG also contended that the amount was inappropriate due to the phasing-out over a 60-month period commencing January 1, 1983, of CPE plant from interstate separations and settlements. In summary the AG stated that SCB must utilize the latest available information to update the 1982 EDA to assure that the resulting level of contribution is accurate.

The Commission acknowledges the AG's position that the level of contribution from CPE would have been different if the phasing-out of CPE were based on more current data. However, it was the intent of the FCC to shift over a period of time (5 years) the revenue requirement associated with CPE from interstate operations to intrastate operations. Had the Commission updated the lost contribution from CPE, it would have been necessary to make an equivalent upward revision to its related other intrastate expenses. Thus any benefit resulting from the use of an updated level of lost contribution from CPE would probably be offset, resulting in no net change in intrastate revenue requirements. Therefore, the Commission is of the opinion that the intrastate revenue requirement determined in this case is appropriate.

This Order addresses the Commission's findings and determinations on issues presented and disclosed in the rehearing and investigation with regard to SCB's revenue requirement and rate design. As a result of this Order on Rehearing, the Commission will grant rates and charges that will produce an additional increase in annual revenues of $3,431,000.

Customer Premises Equipment Adjustment

In its Order of January 18, 1984, the Commission observed that although the investment and expenses associated with CPE have been transferred to American Telephone and Telegraph Company ("AT&T"), the investment and expenses in intrasystem wiring to connect portions of the CPE will remain with SCB. Consequently, the Commission required SCB to establish tariffs to recover the lost revenues associated with intrasystem wiring and thus reduced SCB's stated revenue contribution loss from CPE by $6,303,000.

The Commission on rehearing has been provided sufficient evidence to prove that its original decision in fact duplicates the revenue in that SCB has tariffs covering this item and that SCB should therefore be entitled to increase revenues by an additional $6,303,000 which is granted herein. However, the Commission did not in its original decision have sufficient information to make any decision other than the one it originally made. The record of evidence in this case was replete with numerous conflicting responses and confusing information supplied by SCB. This confusion in the original evidence of record prior to rehearing is illustrated as follows:

(1) SCB's 1982 EDA provided in response to Item CS-1 of the AG's Request No. 1 reported no amounts in investment, revenues or expenses for the EDA Service category for Inside Wire. It should also be noted that in the past 3 years of EDA compilation and allocation terminal equipment and inside wire were shifted throughout various categories. During cross-examination, SCB's witness stated that in the 1981 EDA intrasystem wiring was in the

"vertical" category and that some terminal equipment was in the "access line" category with the remainder in the "vertical" category.[1] Furthermore, at page 50, SCB's witness could not specifically identify to which category that terminal equipment and/or inside wire would be allocated prospectively for purposes of the 1983 EDA.

Moreover, semantic problems throughout this case add to the problems in interpretation of the EDA. The Commission is of the opinion that at least as much of the lack of understanding of these specific issues is the result of numerous, often overlapping and/or synonymous uses of terms and acronyms. For example, customer premises equipment, the acronym CPE, and terminal equipment may or may not refer to the same thing depending on who is using the term. The same is true of complex inside wire and intrasystem wiring. With numerous terms having similar meanings, depending on the speaker's intention, combined with changing EDA categories, confusion at SCB and certainly in the interpretation of SCB's case was compounded. These semantic problems are shown in further examples below.

(2) In his prefiled testimony, Mr. D. M. Ballard, Assistant Chief Accountant for SCB, stated at page 16 that "I have adjusted revenues downward by $80,402,000 to remove <u>all</u> revenues associated with terminal equipment." (Emphasis added.) It should be noted that in Mr. Ballard's prefiled testimony and exhibits, the

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1 Transcript of Evidence ("T.E."), Volume I, April 10, 1984, pages 39 and 40.

reduction in revenues associated with terminal equipment was SCB's proposed revenue adjustment to actual results with regard to the lost contribution from CPE.

(3) Again, Mr. Ballard, in response to Item 2 of Staff Request #5, stated that "[t]otal CPE revenues based on April 30, 1983, level of business were $80,402,000 on an annual basis." (Emphasis added.)

(4) Dr. Lee L. Selwyn, President of Economics and Technology, Inc., in his testimony of behalf of the Commission staff, stated at page 197 that:

> While typically a portion of the customers' monthly rate includes the cost of the complex inside wiring associated with complex CPE, this portion of the $80 million in annual revenues has not been specifically identified. (Emphasis added.)

Dr. Selwyn further stated that SCB's tariffs did not unbundle the rates between the apparatus and the associated inside wiring and as a result:

> South Central Bell will lose the entire $80 million in revenues even though it will retain the complex inside wiring investment to which a portion of the revenue relates.

Dr. Selwyn went on to state at page 198 that:

> [I]f inside wire investment is to remain in the company's intrastate rate base, then some source of revenues associated with this investment should be found.

This would require SCB to unbundle all of its CPE tariffs. Neither SCB nor any other party ever challenged Dr. Selwyn's position that a new inside wire tariff should be established on the grounds that SCB already had a tariff in place.

(5) This point is best demonstrated by SCB in its brief at page 7 wherein it was stated:

> [W]hile Dr. Selwyn and Mr. [Allen G.] Buckalew [witness for the AG] complained that the Company has not divested itself of inside wiring, neither witness offered a practical suggestion as to how the remaining inside wiring could produce revenue. It was previously included in the basic charge for CPE and that is now gone. It would be confusion compounded if the Commission were to introduce a new billing element to customers already mystified by attempts to fix something that was not broken. (Emphasis added.)

Thus, even though the Commission is herein reinstating the $6,303,000 it is of the opinion that it stood on firm ground when its original decision was entered and cautions SCB to adequately coordinate its filings and to take direct steps to eliminate confusion in the future.

Detariffing of Non-Recurring Complex Wiring

In its petition for rehearing SCB further contended that the Commission's Order was erroneous in that continuation of the Customer Premises Products Tariff would no longer produce the full annual revenue of $6,303,000 (discussed in the previous section) in the future. SCB based its contention on the fact that the Federal Communications Commission ("FCC") in an Order issued November 2, 1983, in Docket No. 82-681 and 81-893, detariffed the installation of complex wiring. Thus SCB would not be installing on a regulated basis new complex systems and would not be generating the same level of revenue from the tariff, resulting in a revenue shortfall of $1,370,595. Furthermore, SCB contended that, also as a result of the FCC's action in Docket No. 82-681, it would no longer be generating service connection revenue of $521,184 and price list materials revenue of $132,718 for a total revenue shortfall of $2,024,497. Rehearing on this issue was granted solely on the basis of the FCC's action.

SCB did not propose in its petition for rehearing, nor in its response to the Commission's Order granting rehearing, any adjustment for expenses associated with its proposed adjustment to revenues of approximately $2 million. Despite this SCB's witness later admitted that there were expenses associated with installation, stating that, "If we weren't installing it, the company would not incur those expenses. . . those rates are. . .more than compensatory."[2] SCB did not, however, initially file a rehearing brief or any supplemental information attempting to recognize the offsetting expense savings associated with the loss of non-recurring installation charges for complex intrasystem wiring and associated service charge and materials revenue. Later in SCB's response to the AG's brief, using cost data originally filed July 29, 1983, in this case, SCB stated that $538,700 in "cost savings" was associated with the $2 million reduction in revenue. However, in examining SCB's Exhibit 1 attached to its response to the AG's brief on rehearing, it would appear that the proposed "cost savings" do not correspond to the entire $2 million revenue reduction, but rather relate only to service connections

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2 Ibid., Volume III, page 3.

charges and price list materials revenues which together only total approximately $654,000.

The Commission at the rehearing referenced the revised 1982 EDA which showed that of the $18.58 million in costs attributed to complex inside wire a substantial portion was operating expenses.[3] SCB's witness was then asked how these expenses related to SCB's proposed non-recurring revenue loss. The witness could only identify depreciation and amortization expense,[4] of the total operating expenses, which possibly would not be appropriately matched to non-recurring installation charges, but was unable to break down any level of operating expenses between recurring charges and non-recurring charges. The Commission then requested SCB to provide a breakdown of the total operating expenses between recurring and non-recurring charges. The Commission also requested that, if in SCB's opinion the Commission's approach to match the EDA expense with the revenue loss was erroneous, SCB file some other basis of attributing the expense reduction to the revenue loss.

SCB replied that the level of expenses associated with the detariffing of inside wire could not be determined because its

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3 The specific number is contained in SCB's Response to the Commission's Order of February 27, 1984, Exhibit 4, as filed at the April 10, 1984, rehearing, section 18 of the Revised 1982 EDA, Column 12, line 17, and is claimed by SCB to be confidential and proprietary information.

4 Ibid., Column 2, Line 17.

accounts based on the Uniform System of Accounts were not maintained in a manner which would allow a segregation among the various EDA categories, much less allow a segregation between recurring and non-recurring expenses. Furthermore, SCB in no way attempted to identify the expenses related to its proposed reduction in revenues nor did it present any other methodology.

Thus, the Commission, in its determination of this issue, had before it three alternatives. First, the Commission could accept the cost savings approximated by SCB. These cost savings data were filed to support the incremental pricing of service connection charges and time and materials charges and do not fully allocate SCB's operating expenses that will not be incurred as a result of detariffing these rates. A review of the derivation of SCB's $538,700 approximation as shown in Exhibit 1 of its response to the AG's brief indicates that this incremental cost level is related to service connection charges and time and materials charges, and is not related to the non-recurring installation charges for complex intrasystem wiring. SCB failed to provide any information as to the incremental cost or fully allocated expense of non-recurring installation charges associated with complex intrasystem wiring. The Commission is of the opinion that the level of cost provided by SCB does not fully respond to the Commission's request and is merely a surrogate for its lack of actual expense levels and therefore should be rejected.

The second alternative the Commission had before it was the development of a proportionate expense reduction based on the ratio of non-recurring revenue to total revenue shown for the entire complex inside wiring category of the revised 1982 EDA introduced at the rehearing. Although given the opportunity, SCB did not object to this methodology other than to state it would need time to review and analyze such an allocation. SCB did point out that some of the operating expenses, such as depreciation and amortization expense, may not apply to non-recurring revenues. This alternative would produce an expense reduction of approximately $2,957,00, or $2,073,000 if depreciation and amortization expense were excluded, which would more than offset the revenue loss.

The third alternative is to reject SCB's anticipated revenue deficiency since SCB was given an opportunity to research its records to ascertain the level of expenses associated with these detariffed revenues and it failed to meet its burden.

The Commission is of the opinion that this alternative will be accepted even though the second alternative described herein, which would provide SCB with a lower revenue increase, is clearly justifiable. The Commission is in this instance of the opinion that, since this treatment gives SCB the benefit of the doubt and taken alone does not change the current rates paid by SCB's ratepayers, it is the best option.

Tariff Price-Out

In its petition for rehearing, SCB alleged price-out errors totaling $2,776,000. The Commission granted rehearing and required SCB to file certain price-out information. The

Commission's review of the information filed by SCB confirms price-out errors in the amount stated by SCB, as follows:

\$2,854,000[5]
(78,000)[6]
\$2,776,000

This adjustment reduces the increase in rates and charges in Appendix A from \$6,303,000 to \$3,527,000.

The AG, in its brief filed April 30, 1984, states that the Commission should order a refund of any revenue collected in excess of the amount authorized on January 18, 1984.[7]

Although the AG's brief focuses on the issue of a refund, the essential logic could be used to support a variety of upward surcharges as well as downward credits. Since the rates and charges authorized in this Order are prospective in nature and based on evidence unavailable at the time of the Commission's January 18, 1984, Order, the Commission will not make any retroactive revenue adjustments.

Repression

In its Order of February 27, 1984, on SCB's petition for rehearing, the Commission discussed SCB's contention that since

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5 This error resulted from an adjustment made by SCB for migration from flat rate to measured rate service, and was caused by SCB's presentation of the adjustment in the form of modified billing units rather than dollars.

6 Sum of computational errors.

7 AG Brief, page 6.

repression was allowed on operator and directory assistance services, it should also be allowed on basic exchange service. The Commission recognized its inadvertent error in allowing repression on operator and directory assistance services, which occurred as a result of the way in which SCB presented the repression adjustment, and concluded that "In the event other decisions reached on rehearing require recalculation of rates, changes resulting from denial of these adjustments will be incorporated."[8] Thus, in order to effect the Commission's decision on this matter, price-out revenue from operator and directory assistance services has been increased by $96,000, which reduces the increase in rates and charges in Appendix A from $3,527,000 to $3,431,000.

Telemetry Alarm Bridging Service

In its Order of February 27, 1984, the Commission addressed KBFAA's petition for rehearing, denying rehearing on the matter of Special Signaling Service, but allowing rehearing on the matter of TABS. KBFAA's position is twofold: First, the Commission should rescind previously authorized TABS rate adjustments. This the Commission will not do, based on its evaluation of total private line revenues and costs discussed in the Order of January 18, 1984. Second, KBFAA contends that TABS should be priced on an embedded rather than a current cost basis. The Commission is of the opinion that KBFAA's argument concerning the cost basis used

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8 Order, February 27, 1984, pages 16-17.

to support TABS has merit and will, therefore, require SCB to file a TABS embedded cost study in its next general rate case.

Rate Design

The Commission has allocated the additional revenue requirement found reasonable on rehearing to basic exchange and related services as stated in Appendix B. The increase to basic exchange and related services is 1.925 percent.

FINDINGS AND ORDERS

The Commission, upon further consideration of the evidence of record and being advised, is of the opinion and finds that:

1. The Order in this case dated January 18, 1984, should be amended to reflect an additional authorized increase of $6,303,000 for a combined authorized increase of $25,901,000.

2. The rates and charges authorized in Appendix A of the Commission's Order of January 18, 1984, produced revenue in excess of that found reasonable, by the amount of $2,776,000, adjustment for which reduces the increase in rates and charges in Appendix A from $6,303,000 to $3,527,000.

3. SCB's repression adjustment on operator and directory services should be denied, which has the effect of increasing revenue from operator and directory services in the amount of $96,000 and reduces the increase in rates and charges in Appendix A from $3,527,000 to $3,431,000.

4. SCB should file a TABS embedded cost study in its next general rate case.

IT IS THEREFORE ORDERED that the rates and charges in Appendix A be and they hereby are the fair, just, and reasonable rates and charges for SCB to charge its customers for service rendered on and after the date of this Order, and will produce net additional revenue in the amount of $3,431,000, for a combined additional annual increase in revenue of $25,901,000 in this case.

IT IS FURTHER ORDERED that SCB shall file a TABS embedded cost study in its next general rate case.

IT IS FURTHER ORDERED that the Commission's Order of January 18, 1984, shall remain in full force and effect, except as modified herein.

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

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

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASES NO. 8847 AND 8879 DATED 6/29/84

The following rates and charges are prescribed for the customers in the area served by South Central Bell Telephone Company. 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.

GENERAL SUBSCRIBER SERVICES TARIFF

A3. BASIC LOCAL EXCHANGE SERVICE

A3.2 STATEWIDE RATE SCHEDULES

A3.2.1 FLAT RATE SCHEDULES

A. The following schedule of monthly rates is applicable to flat rate main station line service:

		RATES PER MONTH			
	Total Main Station Lines and PBX Trunks	PESIDENCE		BUSINESS	
Group		Ind.	2-Pty.	Ind.	2-Pty.#
1	0 - 13800	$12.16	$9.12	$30.57	$22.92
2	13801 - 25100	13.08	9.81	33.75	25.32
3	25101 - 45500	13.80	10.36	36.28	27.20
4	45501 - 200800	14.52	10.90	38.96	29.21
5	200801 - 1191800	17.99	13.49	51.94	38.96

Obsolete Service Offering - See paragraph A2.3.3

A3.2.2 MEASURED RATE SCHEDULE

a. The following schedule of monthly rates is applicable to measured rate main station line service:

Group	Total Main Station Lines and PBX Trunks	Residence Individual Line Low-Use	Residence Individual Line Standard	Business Individual Line
1	0 - 13800	$6.08	$9.12	$22.92
2	13801 - 25100	6.54	9.81	25.32
3	25101 - 45500	6.90	10.36	27.20
4	45501 - 200800	7.26	10.90	29.21
5	200801 - 1191800	9.00	13.49	38.96

A3.5 JOINT USER SERVICE

A3.5.2 RATES

A. Joint user service associated with the following classes of service are furnished at the rates indicated:

	Monthly Rate
(1) Business Individual Line	
a. Flat Rate	
(1) Exchanges in Louisville Local Calling Area	$12.99
(2) All other exchanges	8.69
b. Measured Rate	
(1) Exchanges in Louisville Local Calling Area	9.74
(2) All other exchanges	6.51
c. Message Rate	
(1) Louisville exchange	8.44

A3. BASIC LOCAL EXCHANGE SERVICE

	Monthly Rate
d. Semipublic	
(1) Exchanges in Louisville Local Calling Area	9.74
(2) All other exchanges	6.51
(2) PBX Service	
a. Commercial Flat Rate	
(1) Exchanges in Louisville Local Calling Area	12.99
(2) All other exchanges	8.69
b. Measured Rate	
(1) Exchanges in Louisville Local Calling Area	9.74
(2) All other exchanges	6.51
(3) Hotel PBX Service	
a. Message Rate	
(1) Exchanges in Louisville Local Calling Area	$8.44
(2) All other exchanges	5.65
b. Permanent Guest or Tenant Maintaining a Residence in the Hotel (Message Rate)	
(1) Exchanges in Louisville Local Calling Area	3.37
(2) All other exchanges	2.26
c. Measured Rate	
(1) Exchanges in Louisville Local Calling Area	9.74
(2) All other exchanges	6.51

A3. BASIC LOCAL EXCHANGE SERVICE

	Monthly Rate
d. Permanent Guest or Tenant Maintaining a Residence in the Hotel (Measured Rate)	
(1) Exchanges in Louisville Local Calling Area	3.89
(2) All other exchanges	2.61

A3.7 MONTHLY EXCHANGE RATES

3. Message Rate Service

a. Business individual line message rate service is offered only in the exchanges shown herein. . .

Exchange	Business Ind. Line Monthly Charge Each Line	Monthly Message Allowance Each Line	Additional Local Message Charge Each Message
Louisville	$33.76	50	$0.10

A3.11 GROUPING SERVICE

B. Rates

Monthly rates for grouping service on individual lines or trunks are as follows:

Individual Line	Monthly Rate
1. Business Flat Rate, each	55% x Bus. Ind. Line Flat Rate
2. Business Measured Rate, each	55% x Bus. Ind. Line Flat Rate
3. Business Message Rate, each	55% x Bus. Ind. Line Flat Rate
4. Residence Flat Rate, each	55% x Res. Ind. Line Flat Rate
5. Residence Measured Rate, each	55% x Res. Ind. Line Flat Rate

A3.15.4 HOTEL PBX SERVICE

A. Business Message Rate Service (Furnished with dial or manual systems for guest and management use)

1. Trunks (Both-way or Outward Only), each

A3. BASIC LOCAL EXCHANGE SERVICE

	Monthly Rate
(a) First trunk with an allowance of 50 outward local messages	
Exchanges in Louisville Local Calling Area	$33.76
All other exchanges	22.60
(b) Additional trunk without message allowance	
Exchanges in Louisville Local Calling Area	28.76
All other exchanges	17.60

A3. BASIC LOCAL EXCHANGE SERVICE

A14 AUXILIARY EQUIPMENT

A14.2 Jacks

A14.2.4 Jack Equipment

B. Rates and Charges

3. Standard Data Jacks

	Nonrecurring Charge	Non-NI
(c) Multiple-mounting arrangement for up to sixteen single-line data jacks, each		220.00

A17. MOBILE TELEPHONE SERVICE

A17.4 RATES

A17.4.1 SERVICE CHARGES

a. Measure(Rate Mobile Service

(1) Local Service

	Mo. Rate for Svc. Incl. 1 Hr. of Use of the Radio Link on a Dial Basis
Base Station	
Louisville Local Calling Area	$ 46.76
All Other Exchanges	35.60

A100. OBSOLETE SERVICE OFFERINGS

A100.64 CENTREX SERVICE

A100.64.6 RATES

B. Station Lines

1. Centrex I

	Schedule 1** Installation Charge	Schedule 1** Monthly Rate	Schedule 2*** Installation Charge	Schedule 2*** Monthly Rate
(a) Main Centrex Station Number Access, at the location with the largest number of main stations. Both Exchange Access and Intercommunication charges following apply.				
- Exchange Access Charge				
- First 100 station lines, each	-	$8.27	-	$12.73
- Next 200 station lines, each	-	4.57	-	7.02
- Next 600 station lines, each	-	4.12	-	6.33
- Over 900 station lines, each	-	4.12	-	6.33

	Schedule 1** Installation Charge	Schedule 1** Monthly Rate	Schedule 2*** Installation Charge	Schedule 2*** Monthly Rate
(b) Main Centrex Station Number Access, at each additional location. Both Exchange Access and Intercommunication charges following apply.				
- Exchange Access Charge				
- First 100 station lines, each	-	5.80	-	8.93
- Next 200 station lines, each	-	5.80	-	8.93
- Next 600 station lines, each	-	4.12	-	6.33
- Over 900 station lines, each	-	4.12	-	6.33

APPENDIX B

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8847 6/29/84

Additional Revenue Requirement (Order of January 18, 1984)	$19,598,000
Additional Revenue Requirement (On Rehearing)	6,303,000
Total Revenue Requirement	$25,901,000
Adjustments:	
Adjusted Price-out (Order of January 18, 1984)	(22,374,000)[1]
Operator Services Repression	(96,000)
Net Increase on Rehearing	$ 3,431,000

Price-Out

Tariff Section		Revenue Increase
A3	Basic Local Exchange Service (Exchange and Related)	$ 17,162,000
A3	Basic Local Exchange Service (Operator Services)	2,020,000
A4	Service Charges	1,534,000
A5	Charges Under Special Conditions	42,000
A6	Directory Listings	650,000
A8	Telephone Answering Service	84,000
A9	Foreign Exchange Service	743,000
A12	ESSX	(4,000)
A13	Misc. Service Arrangements	1,933,000
A14	Auxiliary Equipment	(191,000)
A18	MTS/WATS	1,154,000
A10	Obsolete Service	(53,000)
C3	Private Line Channels	1,113,000
C4	Private Line Equipment	28,000
E3	Dataphone Service	24,000
T106	Obsolete CPE	32,000
Independent Company Settlements		(370,000)
		$ 25,901,000

1 $19,598,000 + $2,776,000 = $22,374,000.