

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF SOUTH CENTRAL BELL)	
TELEPHONE COMPANY OF AN)	CASE NO.
ADJUSTMENT IN ITS INTRASTATE)	9160
RATES AND CHARGES)	

O R D E R

On October 30, 1984, South Central Bell Telephone Company ("South Central") filed a motion to deviate from the provisions of 807 KAR 5:001, and to use, instead, the calendar year 1984 as the test year in this case. South Central has informed the Commission that it will file its rate case on November 9, 1984, and will ask for an effective date of November 29, 1984. South Central's motion requested permission to use calendar year 1984 as the test year for this case instead of the 4 months of 1983 and 8 months of 1984 data that would ordinarily be required by this filing date.

Responses in opposition to South Central's motion were received from the Attorney General and the Utility Ratecutters of Kentucky. General Telephone Company filed a response in support of South Central's position. The Attorney General argues that South Central's proposal (by which the final data for 1984 would not be available until February 28, 1985) would create severe discovery problems for the intervenors in this case. The

Attorney General contends that such a situation would amount to a denial of due process to the parties.

The Commission believes that the Attorney General has raised serious concerns. Accordingly, we will grant South Central's motion to deviate only upon the condition that South Central amend the effective date in its filing from November 29, 1984, to January 10, 1985. This extra 6 weeks will insure that both the Commission and the intervening parties have adequate time to fully review and evaluate the updated information that would be filed on February 28, 1985. However, the Commission emphasizes that it is allowing this deviation from its long-standing policy of requiring a historical test year only because of the unique and unprecedented issues created by South Central's divestiture from AT&T on January 1, 1984. The financial and operating problems for South Central resulting from divestiture call for exceptional efforts by the Commission, the company and the intervenors in arriving at a fair result for both South Central and its customers. Our decision to allow this deviation under these exceptional circumstances which are unlikely ever to reoccur, should not be reviewed as precedent for allowing similar deviations in future rate cases of either South Central or any other jurisdictional utility.

IT IS THEREFORE ORDERED that South Central's motion to deviate will be granted only upon the condition that South Central amend the effective date for the new rates from November 29, 1984, to January 10, 1985. If South Central chooses not to

accept this condition, then it shall file its test year in conformance with the provisions of 807 KAR 5:001.

Done at Frankfort, Kentucky, this 8th day of November, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Demanph.
Chairman

Kevin J. D. Smith.
Vice Chairman

Frank Shull
Commissioner

ATTEST:

Secretary