

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN INVESTIGATION OF TOLL AND )  
ACCESS CHARGE PRICING AND TOLL )  
SETTLEMENT AGREEMENTS FOR ) CASE NO. 8838  
TELEPHONE UTILITIES )  
PURSUANT TO CHANGES TO BE )  
EFFECTIVE JANUARY 1, 1984 )

O R D E R

Introduction

On December 29, 1983, the Commission issued an Order in this case approving interim access service tariffs and establishing an interim compensation plan, pending a complete investigation of issues. Subsequent Orders have addressed various issues. This Order will address the issue of interLATA revenue requirement to be recovered through Universal Local Access Service ("ULAS") tariffs. Other issues still pending before the Commission will be addressed in separate Orders, including intraLATA revenue requirement, intraLATA pool administration, billing and collection services, and access service tariff implementation.

InterLATA and ULAS Revenue Requirements

InterLATA access compensation to local exchange carriers in 1984 totaled \$63,506,000.<sup>1</sup>

As indicated in the Commission's Order of November 20, 1984, absent a showing of cost of service information by local exchange carriers, interLATA access compensation in 1984 will be used to determine baseline interLATA revenue requirement, except in the cases of Cincinnati Bell Telephone Company ("Cincinnati"), General Telephone Company of Kentucky ("General"), and South Central Bell Telephone Company ("SCB"), where other information filed by these carriers has been used to determine interLATA revenue requirement in this and other cases. Thus, baseline interLATA revenue requirement is \$66,731,000.<sup>2</sup> This baseline interLATA revenue requirement is subject to review and change based on 1985 revenue experience, absent a showing of interLATA cost of service by local exchange carriers.

In 1985 interLATA residual revenue requirement to be recovered through ULAS charges is \$5,776,000, not including Cincinnati.<sup>3</sup> This revenue requirement is subject to review and change May 31, 1986, or upon any changes in access service rates prior to May 31, 1986. All local exchange carriers except Cincinnati, General, and Salem Telephone Company ("Salem") have an

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1 See Table 1.

2 See Table 2.

3 Ibid.

interLATA residual revenue requirement in 1985, based on application of rates to be effective June 1, 1985, to 1984 interLATA minutes of use. The primary driver of interLATA residual revenue requirement in 1985 is a reduction in the carrier common line charge from 6.5 cents to 5.24 cents per interLATA minute of use.

All local exchange carriers except Cincinnati, General, and Salem will be required to file an interLATA carrier common line charge of 5.24 cents per interLATA minute of use, effective June 1, 1985. Cincinnati, General, and Salem may file interLATA carrier common line charges less than 5.24 cents per interLATA minute of use, upon showing that a lower interLATA carrier common line charge will not result in any interLATA residual revenue requirement.

Information filed by SCB used to determine ULAS revenue requirement included adjustments for carrier access billing system expense, which the Commission will not allow, consistent with its Order of February 15, 1985. Carrier access billing system expense is recovered through switched access charges in the interLATA market and should not also be recovered through ULAS charges.

#### Findings and Orders

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

1. Baseline interLATA revenue requirement is \$66,731,000 subject to review and change December 31, 1985.
2. ULAS revenue requirement is \$5,776,000, not including Cincinnati, subject to review and change May 31, 1986.

3. All local exchange carriers except Cincinnati, General, and Salem should file interLATA carrier common line charges in the amount of 5.24 cents per interLATA minute of use.

4. Cincinnati, General, and Salem may file interLATA carrier common line charges less than 5.24 cents per interLATA minute of use, upon showing that a lower interLATA carrier common line charge will not result in any interLATA residual revenue requirement.

5. Carrier access billing system expense should not be recovered through ULAS charges.

IT IS THEREFORE ORDERED that baseline interLATA revenue requirement shall be \$66,731,000.

IT IS FURTHER ORDERED that ULAS revenue requirement is \$5,776,000.

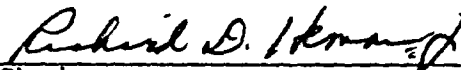
IT IS FURTHER ORDERED that all local exchange carriers except Cincinnati, General, and Salem shall file interLATA carrier common line charges in the amount of 5.24 cents per interLATA minute of use.


IT IS FURTHER ORDERED that Cincinnati, General, and Salem may file interLATA carrier common line charges less than 5.24 cents per interLATA minute of use, upon showing that a lower interLATA carrier common line charge will not result in any interLATA residual revenue requirement.

IT IS FURTHER ORDERED that carrier access system billing expense shall not be recovered through ULAS charges.

Done at Frankfort, Kentucky, this 31st day of May , 1985.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary

Table 1

## 1984 Interlata Compensation

	<u>Interlata</u> <u>Compensation (1)</u>	<u>Network</u> <u>Expense</u>	<u>Special Access</u> <u>Compensation</u>	<u>Total</u>
Alltel	\$ 258000		\$ 22301	\$ 280301
Ballard	39188		9148	48336
Brandenburg	390654		33064	423718
Continental	1754634	\$ 347302	107495	2209431
Duo County	322274		17364	339638
Foothills	91819		8021	99840
General	12255761	7103681	1259228	20618670
Harold	44704		3974	48678
Highland	76858E		3216	80074
Leslie County	65890		5118	71008
Lewisport	26488		10584	37072
Logan	69149		21326	90475
Mountain	137905		16290	154195
N. Central	143590		0	143590
Peoples	43439		13190	56629
Salem	9784		1377	11161
S. Central Bell	26686276		6620155	33306431
S. Central Rural	960162		65204	1025366
Thacker-Grigsby	53906		7401	61307
Uniontown	7477		1011	8488
W. Kentucky	74218		6355	80573
	\$ <u>43512176</u>	\$ <u>7450983</u>	\$ <u>8231822</u>	\$ <u>59194981</u>
Cincinnati	3304672	720000	286200	4310872
	\$ <u>46816748</u>	\$ <u>8170983</u>	\$ <u>8518022</u>	\$ <u>63505853</u>

(1) Includes all interlata compensation except network expense and special access compensation.

E = Estimated data.

Table 2

## ULAS Revenue Requirement

	Switched Access Compensation (1)	Billing & Collection (2)	Network Expense (2)	Special Access Compensation (3)	Total Requirement (3)	Interlata Rev. Requirement (4)	ULAS Residual
Alltel	\$ 186000	\$ 52000		\$ 22301	\$ 262301	\$ 280301	\$18000
Ballard	28	7		9148	44148	48336	4188
Brandenburg	296	62		33064	391064	423718	32654
Continental	1330	319	\$ 347000	107495	2103495	2209431	105936
Duo County	232	44		17364	293364	339638	46274
Foothills	68	16		8021	92021	99840	7819
General	10710	1588	6615000	1170000	20083000	19993000	0
Harold	34	8		3974	45974	48678	2704
Highland	49	12		3216	64216	80074	15858
Leslie County	48	11		5118	64118	71008	6890
Lewisport	18	4		10584	32584	37072	4488
Logan	51	12		21326	84326	90475	6149
Mountain	93	21		16290	130290	154195	23905
N. Central	101	17		0	118000	143590	25590
Peoples	32	7		13190	52190	56629	4439
Salem	8	2		1377	11377	11161	0
S. Central Bell	22926	2421		6501000	31848000	37200000	5352000
S. Central Rural	722	129		65204	916204	1025366	109162
Thacker-Grigsby	41	10		7401	58401	61307	2906
Uniontown	5	1		1011	7011	8488	1477
W. Kentucky	56	13		6355	75355	80573	5218
	\$ 37036000	\$ 4756000	\$ 6962000	\$ 8023439	\$ 56777439	\$ 62462880	\$ 5775657
Cincinnati	not avail.	not avail.	not avail.	not avail.	not avail.	4268000	not avail.
	\$ 37036000	\$ 4756000	\$ 6962000	\$ 8023439	\$ 56777439	\$ 66730880	\$ 5775657

- (1) Compensation is based on 1984 usage applied to tariffs to be effective June 1, 1985. A CCIC of 5.24 cents was used in all cases.
- (2) Compensation is based on information furnished by Continental and General.
- (3) Compensation is based on 1984 data, except in the cases of General and South Central Bell, where revised price out information was provided.
- (4) Revenue requirement is based on 1984 compensation, except in the cases of General and South Central Bell, where revenue requirement has been determined otherwise in Orders of the Commission.