

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DETARIFFING THE INSTALLATION )  
AND MAINTENANCE OF INSIDE ) ADMINISTRATIVE  
WIRE ) CASE NO. 305

O R D E R

Introduction

On December 24, 1986, the Commission released an Order in this case that required local exchange carriers to file inside wire cost allocation plans, inside wire revenue and expenses information, and local exchange rate reductions. On January 30, 1987, Alltel of Kentucky, Inc., ("Alltel") filed an inside wire implementation plan and associated tariff changes.

Discussion

Alltel's inside wire implementation plan indicates that, as a result of detariffing the installation and maintenance of inside wire, local exchange service rates can be reduced in the amount of \$0.29 per access line per month, excluding public paystations. Public paystation access lines are excluded on the basis that public paystations are provided by Alltel and, therefore, no local service rate is applicable.

Private branch exchange and multi-line access lines are included in Alltel's local exchange service rate reduction plan, on the grounds that Alltel has not yet detariffed customer premises equipment and has recorded inside wire installation and

maintenance revenues and expenses in regulated accounts, at least through December 31, 1986. Therefore, including private branch exchange and key system access lines in Alltel's local exchange service rate reduction plan is reasonable.

In Common Carrier Docket No. 86-111,<sup>1</sup> the Federal Communications Commission has considered rules concerning cost allocation between the regulated and unregulated services provided by local exchange carriers, and an Order on cost allocation was released on February 6, 1986. Also, the Commission has indicated in other Orders that it intends to open a cost allocation investigation in the near future. Therefore, in the opinion of the Commission, Alltel's inside wire implementation plan and associated local exchange service rate reductions should be approved on an interim basis, pending the outcome of the Commission's cost allocation investigation.

Also, Alltel proposed to make its local exchange service rate reductions effective on January 1, 1987, in all exchanges that it serves, as contemplated by the Commission in its Order of December 24, 1986.

#### Findings and Orders

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

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<sup>1</sup> Separation of Costs of Regulated Telephone Service From Costs of Nonregulated Activities. Amendment of Part 31, the Uniform System of Accounts for Class A and Class B Telephone Companies, to Provide for Nonregulated Activities and to Provide for Transactions Between Telephone Companies and Their Affiliates.

1. Alltel's local exchange service rates should be reduced in the amount of \$0.29 per access line per month effective on January 1, 1987, on an interim basis, pending the outcome of the Commission's cost allocation investigation, excluding public paystations.

2. Alltel's inside wire implementation plan should be approved, on an interim basis, pending the outcome of the Commission's cost allocation investigation.

IT IS THEREFORE ORDERED that:

1. Alltel's local exchange service rates be and they hereby are reduced in the amount of \$0.29 per access line per month, effective on January 1, 1987, on an interim basis, pending the outcome of the Commission's cost allocation investigation, excluding public paystations.

2. Alltel's inside wire implementation plan be and it hereby is approved, on an interim basis, pending the outcome of the Commission's cost allocation investigation.

Done at Frankfort, Kentucky, this 30th day of April, 1987.

PUBLIC SERVICE COMMISSION

*Richard D. Hemmen, Jr.*  
Chairman

*[Signature]*  
Vice Chairman

*[Signature]*  
Commissioner

ATTEST:

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Executive Director