

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 expense information, and local exchange service rate reductions. On January 30, 1987, Harold Telephone Company, Inc., ("Harold") filed an inside wire implementation plan and associated tariff changes.

Discussion

Harold'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 \$0.97 per access line per month, excluding public paystation access lines. Public paystation access lines are excluded on the basis that public paystations are provided by Harold and, therefore, no local service rate is applicable.

Harold does not indicate whether private branch exchange and key system access lines are included or excluded from its local

exchange service rate reduction. However, in the opinion of the Commission, private branch exchange and key system access lines should be excluded on the basis that Harold detariffed the installation and maintenance of complex inside wire on December 31, 1985, coincident with its detariffing of associated customer premises equipment.<sup>1</sup> Therefore, Harold should file necessary tariff changes to state private branch exchange and key system local access rates in the amount of \$28.95 per month.<sup>2</sup>

In Common Carrier Docket No. 86-111,<sup>3</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

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<sup>1</sup> Harold should have detariffed the installation of complex inside wire, effective May 2, 1984, and, evidently, detariffed the maintenance of complex inside wire prior to the Commission's directive in this case, effective on January 1, 1987. Nonetheless, based on the record of this case, the fact remains that Harold has not charged any complex inside wire installation and maintenance expense to regulated accounts since December 31, 1985.

<sup>2</sup> That is, per Harold's current tariff, monthly private branch exchange and key system local access rates that are 1 1/2 times its existing business individual line local access rate.

<sup>3</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.

the Commission, Harold'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, except insofar as it includes a negative option subscription plan for detariffed inside wire maintenance services.

Harold's inside wire implementation plan includes a detariffed inside wire maintenance plan charge of \$0.97 per month that Harold intends to bill coincident with the local exchange service rate reduction of \$0.97 per month. Customers who do not wish to subscribe to the detariffed inside wire maintenance plan must notify Harold during a 30-day advance notice period in order to avoid being billed the charge. The Commission will not take any action on Harold's negative option subscription plan and has not taken any action on positive option subscription plans proposed by other local exchange carriers. Since inside wire maintenance services are detariffed, a Commission ruling on inside wire maintenance services subscription plans is not necessary. However, Harold is reminded that regulated services may not be disconnected for nonpayment of regulated service charges.

Also, Harold proposed to make its local exchange service rate reductions effective on March 1, 1987, in all exchanges that it serves.

Harold acknowledges that the Commission contemplated local exchange service rate reductions effective January 1, 1987, in its Order of December 24, 1986. However, as reason for its proposed effective date, Harold indicates that it has provided inside wire

maintenance services since January 1, 1987, at no charge to its customers, pending approval of its inside wire implementation plan and associated tariff changes. Moreover, any refund that the Commission might order retroactive to January 1, 1987, would be de minimus and could be outweighed by the costs associated with administering a refund operation. Therefore, in the opinion of the Commission, Harold's proposed effective date of March 1, 1987, should be approved.

#### Findings and Orders

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

1. Private branch exchange and key system access lines should be excluded from Harold's local exchange service rate reductions and Harold should file necessary tariff changes to state private branch exchange and key system local access rates in the amount of \$28.95 per month, or a rate that is 1 1/2 times its monthly business individual line local access rate.

2. Harold's local exchange service rates should be reduced in the amount of \$0.97 per access line per month, effective on March 1, 1987, on an interim basis, pending the outcome of the Commission's cost allocation investigation, excluding public paystation, private branch exchange, and key system access lines.

3. Harold's inside wire implementation plan should be approved, on an interim basis, pending the outcome of the Commission's cost allocation investigation, except insofar as it includes a negative option subscription plan for detariffed inside wire maintenance services.

IT IS THEREFORE ORDERED that:

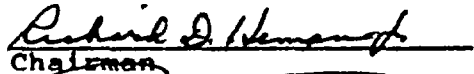
1. Private branch exchange and key system access lines shall be excluded from Harold's local exchange service rate reductions and Harold shall file necessary tariff changes to state private branch exchange and key system local access rates in the amount of \$28.95 per month, or a rate that is 1 1/2 times its monthly business individual line local access rate.

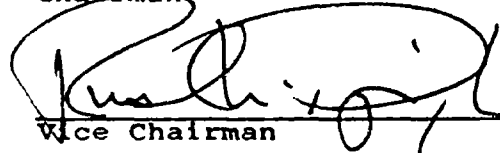
2. Harold's local exchange service rates be and they hereby are reduced in the amount of \$0.97 per access line per month, effective on March 1, 1987, on an interim basis, pending the outcome of the Commission's cost allocation investigation, excluding public paystation, private branch exchange, and key system access lines.

3. Harold'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, except insofar as it includes a negative option subscription plan for detariffed inside wire maintenance services.

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

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

ATTEST:

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Executive Director

  
Commissioner