

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ADOPTION OF A NEW UNIFORM SYSTEM)
OF ACCOUNTS FOR KENTUCKY TELEPHONE) ADMINISTRATIVE
COMPANIES) CASE NO. 310

O R D E R

On October 27, 1987, the Commission issued an Order wherein it adopted Part 32 of the FCC's Rules and Regulations ("Part 32") as the new Uniform Systems of Accounts ("USoA") for Kentucky carriers effective January 1, 1988. Therein the Commission required that all affected carriers file an income statement and balance sheet for calendar year 1987 under both the existing Part 31 USoA and the new Part 32 USoA. The Commission also required the filing of plant and subsidiary reserve records under both Part 31 and Part 32. These reporting requirements were intended to provide the Commission with a means of monitoring the impact of the new USoA using actual historical data as the basis for comparison.

On November 16, 1987, Cincinnati Bell Telephone Company ("Cincinnati Bell"), Continental Telephone Company of Kentucky ("Contel"), and General Telephone Company of the South ("General") filed petitions for reconsideration or rehearing.

COMMENTARY

The petitioners contend that the requirement to file financial statements for calendar year 1987 under both Part 31 and

Part 32 is unduly burdensome and would not provide the Commission with accurate data for comparison purposes. General contends that restatement of 1987 financial statements would be impractical, extremely costly and potentially misleading. As an alternative General suggests using estimates of capital to expense shifts for 1987 and monitoring financial results during 1988 until a new historical base has been established under Part 32 accounting. General also requests clarification of the part of the Order dealing with affiliate transactions.

Cincinnati Bell states that comparison of financial data between Part 31 and Part 32 will be difficult and of limited value. Cincinnati Bell estimates a cost of at least \$300,000 to comply with the reporting requirements due to the need to use outside consultants. Cincinnati Bell contends that historical Part 32 accounting data developed in 1988 and 1989 would be the most accurate financial information for comparability purposes.

Contel requests that the Commission allow the carriers to update their calculations of estimates of the impact of Part 32 to reflect calendar 1987 data. Contel states that due to the fundamental differences between Part 31 and Part 32 accurate restatement of prior year data is virtually impossible.

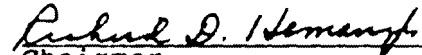
The petitioners have expressed their concerns regarding the accuracy, expense and administrative problems associated with the filing requirements and have suggested some possible alternatives. The Commission is of the opinion and finds that reconsideration should be granted.

IT IS THEREFORE ORDERED that the petitions of Cincinnati Bell, Contel and General for reconsideration of the Commission's Order of October 27, 1987, shall be granted.

IT IS FURTHER ORDERED that a hearing is scheduled for December 22, 1987, at 1:30 p.m. E.S.T. in the Commission's offices at Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 3rd day of December, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director