

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF GTE SOUTH,)
INCORPORATED) CASE NO. 10117

AND

APPLICATION OF GTE SOUTH, INCORPORATED,)
FOR AUTHORITY TO FILE TARIFFS FOR THE)
RECOVERY OF REVENUE REQUIREMENTS CAUSED) CASE NO. 10116
BY THE CHANGES IN ACCOUNTING PROCEDURES)

O R D E R

On December 30, 1987, GTE South, Incorporated, ("GTE") filed an application requesting that a special procedure be used to recover the revenue requirement allegedly caused by capital to expense shifts associated with changes in the Uniform System of Accounts ("USoA").¹

On January 14, 1988, the Attorney General of the Commonwealth of Kentucky through his Utility and Rate Intervention Division ("AG"), after intervening in this proceeding, filed a Motion to dismiss the application. The AG alleged that GTE failed to comply with the regulatory requirements for such applications. On January 20, 1988, GTE filed its response to the AG's Motion.

On January 29, 1988, the Commission issued an Order granting the AG's Motion to dismiss this case, stating that GTE had failed

¹ See Administrative Case No. 310, Adoption of a New Uniform System of Accounts for Kentucky Telephone Companies, October 27, 1987, Order.

to provide notice to the public of the proposed rate changes and that GTE's financial exhibits were inadequately supported. Also, the Commission found that GTE's general rate case, Case No. 10117, was a natural and efficient avenue in which to address all the substantive issues raised in Case No. 10116 and that simultaneous filings of a general rate case and a single issue rate case would only lead to confusion.

On February 16, 1988, GTE filed a Motion to set aside the Commission's Order and grant rehearing or in the alternative to consolidate Case No. 10116 with Case No. 10117. In support of its Motion GTE stated that, though the Commission found there was a natural and efficient avenue in which to address the issues, its concern was whether all the issues associated with the USoA would be addressed in Case No. 10117.

On February 19, 1988, the AG filed a response to GTE's Motion. In support of the response the AG stated that dismissal of Case No. 10116 was proper because of the deficiencies in GTE's application and because GTE failed to conform to the Commission's rules and regulations. The AG further stated that dismissal of the application did not deprive GTE of a hearing on the issue of recovery of costs associated with the USoA because GTE has currently pending an application for a general rate increase which includes adjustments for costs associated with USoA shifts. This forum, according to the AG, is one in which GTE can present evidence and provide the cost support for the revenue requirement associated with the USoA.

The Commission finds that GTE's alternative request to consolidate Case No. 10116 into Case No. 10117 should be granted. Granting this request will further clarify the Commission's opinion that the appropriate context for addressing GTE's costs associated with the changes to the USoA is within the pending general rate case. Also, this consolidation will preclude the need for GTE to refile any information which is already contained in the record. However, the Commission does encourage GTE to update its testimony or exhibits in Case No. 10117 with information concerning the USoA adjustments, as GTE deems necessary.

The Commission is of the opinion that the suspension period for the tariffs filed in Case No. 10116 should now be identical to that for the tariffs filed in Case No. 10117. GTE's alternative request that its cases be consolidated as well as the existence of an established schedule in Case No. 10117 demonstrate GTE's awareness of the possibility of this new suspension date for the tariffs associated with Case No. 10116.

On February 10, 1988, Lexington-Fayette Urban County Government ("LFUCG"), through counsel, filed a Motion for full intervention in both of the instant cases. On February 19, 1988, the Commission granted LFUCG's Motion in Case No. 10117. Having granted GTE's Motion to incorporate Case No. 10116 into Case No. 10117, the Commission finds LFUCG's Motion to intervene in Case No. 10116 to be moot.

Further, the Commission finds that hereinafter the style of this consolidated proceeding should be as follows:

Adjustment of Rates of
GTE South, Incorporated

Case No. 10117

FINDINGS AND ORDERS

The Commission is of the opinion and finds that:

1. GTE's Motion should be granted to the extent that the Commission's Order dismissing Case No. 10116 should be set aside and Case No. 10116 should be incorporated into Case No. 10117.

2. The tariffs filed in Case No. 10116 should not have a suspension period which ends prior to the suspension period for the tariff filed in Case No. 10117; therefore, the suspension period for the tariffs filed in Case No. 10116 should end on August 1, 1988.

3. LFUCG's Motion to intervene in Case No. 10116 is moot.

4. The style for the instant case should be as described above.

Each of these findings is hereby ORDERED.

Done at Frankfort, Kentucky, this 8th day of March, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Hemmings
Chairman

Robert M. Davis
Vice Chairman

ATTEST:

Executive Director

Spencer D. Williams
Commissioner