PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division
Carrier/Market Structure Branch

RESOLUTION T-16005
April 23, 1997

R E S O L U T I O N

RESOLUTION T-16005. THE PONDEROSA TELEPHONE COMPANY. (U-1014-C). GENERAL RATE CASE FILING IN COMPLIANCE WITH DECISION NO. 94-09-065, ORDERING PARAGRAPH 45, AND SECTION 454 OF THE PUBLIC UTILITIES CODE.

BY ADVICE LETTER NO. 220, FILED ON DECEMBER 27, 1995.

SUMMARY

This Resolution authorizes a net revenue requirement of $2,114,205 for The Ponderosa Telephone Company (Ponderosa) for test year 1997. A Total Rate Base amount of $21,142,051 is adopted with an authorized Overall Rate of Return figure of 10.00%. Ponderosa had requested a test year net revenue requirement of $2,336,268 for a total rate base amount of $20,335,565 for an overall rate of return of 11.50%.

Appendix A contains a comparison of Telecommunications Division (TD) and Ponderosa 1997 Test Year Intrastate Results of Operations at present rates. Appendix B contains the Results of Operations Forecast for 1997 with TD's proposed changes in rates. We adopt TD's proposed changes. Appendix C contains the calculation of the Net to Gross Multiplier and Incremental Revenue Requirement determination for the authorized revenue requirement. Appendix C includes a rate design summary to reflect the gross revenue reduction of $729,814, Appendix D lists the changes in rates that we adopt herein, including a surcredit necessary to refund excess rates charged between January 1, 1997, and the rates adopted today, pursuant to Resolution No. T-15970, November 26, 1996.

BACKGROUND

Decision No. 94-09-058, Ordering Paragraph No. 45, required all small Local Exchange Companies (LECs) to file general rate cases (GRCs) on or before December 31, 1995. The decision also permitted the small LECs to file applications for New Regulatory Framework (NRF), authority by application. Ponderosa filed Advice Letter No. 220 on December 27, 1995, with its Test Year 1997 GRC filing. Ponderosa did not file an application seeking NRF authority. Ponderosas' last GRC filing with this Commission was approved on June 5, 1985, in Decision No. 85-06-018.

Ponderosa is a small rural LEC serving certain territory in Fresno, Madera, and San Bernardino Counties, said territory included within the boundaries of the Auberry, Big Creek, Friant, North Fork, O'Neals, Shaver, Wishon, and Cima exchanges. Ponderosa estimates that it will serve an average of 8,098 access lines during the test year 1997.

In Advice Letter No. 220, Ponderosa seeks a 1997 test year total operating revenue requirement of $9,322,808, with operating expenses of $2,049,692. Taxes, Depreciation and Amortization amount to $4,904,831. Net revenues amount to $2,336,268, an authorized Rate Base of $20,335,565, which results in a 11.50% overall rate of return. Since at present rates Ponderosa estimates it would be under-earning by $79,769 at the requested rate of return of 11.50%, in total operating revenues, Ponderosa proposes to increase revenues by this amount by increasing and decreasing several of its tariffed rates in the Flat Rate Exchange service (Schedule A-1), Mileage Rates (Schedule A-3), Semi-Public Telephone Service (Schedule A-5), InterExchange Receiving Service (Schedule A-9), Foreign Exchange Service (Schedule A-10), Employees Telephone Service (Schedule A-16), Visit Charge (Schedule A-17), Custom Calling Service (Schedule A-20), Direct Inward Dialing Service (Schedule A-29), Directory Listings Service(Schedule D-1), IntraLATA Leased Line and Private Line Telephone Service (Schedule G-2), effective January 1, 1997.

NOTICE/PROTESTS

Ponderosa states that a copy of the Advice Letter and related tariff sheets was mailed to competing and adjacent utilities and/or other utilities. Notice of Advice Letter No. 220 was published in the Commission Daily Calendar of January 11, 1996.

Notice of the Advice Letter No. 220 filing was made to customers by bill insert. There were several informal comments and complaints regarding the quality of service and that Ponderosa should not be allowed to increase its rates. No protest to this Advice Letter has been received.

Staff of the TD held a Public Meeting at North Fork, California on April 1, 1996, at which time Ponderosa was offered an opportunity to explain its GRC filing to subscribers and subscribers were offered the opportunity to ask questions of Ponderosa and the TD staff. Several subscribers attended the meeting. The subscribers were encouraged to ask questions of either TD staff or Ponderosa representatives. A concern that was raised was that the general ratepayers were subsidizing the local school districts by way of the telephone company providing free 1-party business line service to the local school district. Ponderosa stated that the 1-party business line service was being offered to the schools comparable to what Pacific Bell offers in the Education First programs that the Commission has approved.

The subscribers were informed that Commission staff would look into this matter and address it in the GRC filing.

DISCUSSION

Results of Operations

Appendix A compares the test year 1997 results of operations (RO) estimates made by the TD staff and Ponderosa. The TD staff estimates total 1997 operating revenues of $9,741,187 and Ponderosa estimates revenues of $9,243,039 at present rates.

The difference in revenues between TD and Ponderosa result from higher access and toll pool settlement rates of return agreed to by the Commission's Office of Ratepayers Advocates (ORA) and the small LECs who filed General Rate Case Applications. TD staff requested updated financial information from Ponderosa reflecting actual, rather than estimated year end 1995 and 1996. We find TDs estimates to be reasonable.

The TD staff estimates that test year 1997 total operating expenses (including depreciation and amortization) will be $5,573,486. Ponderosa estimated total operating expense to be $5,513,306. The difference in operating expense is a result of using 1995 and 1996 actual figures, rather than Ponderosa estimates.

TD requested and used 1995 and 1996 actual figures for estimating the 1997 test year rate base rather than Ponderosas' estimates.

Rate of Return

Appendix B presents TD's proposed changes in rates to achieve the authorized revenue requirement. A major difference between TD staff and Ponderosa concerns the overall rate of return. TD recommends that the Commission adopt a 10.00% figure instead of the 11.50% proposed by Ponderosa. However, a ROR of 10.00% with a determination that equity components in the range of 60% to 80% is reasonable was adopted for Cal-Oregon, Calaveras, Ducor, Foresthill, and Sierra Telephone Company in Decisions issued in their respective Applications (A.95-12-073, A.95-12-075, A.95-12-076, A.95-12-078, and A.95-12-077). TD concurs that the 10.00% rate of return adopted for those five telephone companies should be adopted for Ponderosa.

Ponderosa requests a capital structure of 66.24% equity and 33.76% debt. Consistent with our treatment for the other small size telephone companies, we decline to adopt a specific capital structure. However, we do find TD's proposed common equity ratio is within the reasonable range of common equity for small telephone companies, providing a reasonable balance of benefits between customers and shareholders (customers with reduced revenue requirement for the company as a result of reduced income tax expense and shareholders with an additional source of funding for capital expenditures).

Ponderosa proposes to account for holding Rural Telephone Bank (RTB) stock with an upwards adjustment to rate base. The Commission in its GRC decisions for Cal-Oregon, Calaveras, Ducor, Foresthill, and Sierra Telephone Company adopt a different treatment for RTB stock. The Commission excluded RTB stock from the outstanding balance of long-term debt when calculating the embedded cost of debt. TD concurs with the treatment adopted in the decisions for the other telephone companies. TD's recommendation is reasonable and should be adopted.

Ponderosa's estimated 1997 cost of debt is 6.04%, which includes the impact of accounting for the Rural Telephone Stock consistent with the treatment adopted for the other telephone companies. TD agrees with Ponderosa's calculation of its cost of debt. The recommended cost of debt of 6.04% for the test year is reasonable and should be adopted.

TD recommends that when any Rural Telephone Stock is redeemed, Ponderosa should file an application with this Commission requesting a determination of the appropriate ratemaking treatment for the gain on the redemption of the RTB stock. TD's recommendation is reasonable and should be adopted.

As shown in the table below, the application of the 10.00% ROR we recently adopted for the five small telecommunications companies in their GRC decisions results in a 12.02% equity return for Ponderosa. A 12.02% equity return is well within the reasonable range of common equity that we adopted in those decisions. Accordingly, we find the use of a 10.00% overall ROR to calculate the authorized revenue requirement for Ponderosa to be reasonable.

	RATIO	COST	WEIGHTED COST
Long Term Debt	33.76%	6.04%	2.04%
Equity	66.24%	12.02%	7.96%
Total	100.00%		10.00%

Ponderosa has the flexibility to increase or decrease its equity return through the management of its debt cost and equity ratio.

To correct the imbalance of benefit from a leveraged capital structure, an interest deduction must be reflected in calculating the test year state and federal income tax expense. We derive a $431,298 interest deduction by multiplying the adopted ratebase by the 2.04% reasonable weighted cost of debt.

Some customers of Ponderosa claim that Ponderosa is offering free 1-party business line to the local school districts to access the internet and that the ratepayers should not be required to pay for this subsidization through their local telephone access rates. Ponderosa states in a letter dated March 26, 1997, that the rate- payers are not subsidizing the school districts. The school districts are billed for all their tariffed services and the revenues are recorded to the proper revenue account. The school district accounts are adjusted for the same billed amount and recorded to the Contributions account, which is a Nonoperating Special Charges expense account. The contributions account is a "below the line" account and is not included for rate-making purposes, it simply reduces the net income available to stockholders. TD recommends that Ponderosa file an advice letter seeking Commission authorization for its "below-the-line" accounting for school district 1-party business line offers. We concur with TDs recommendtion.

Rate Design

TD recommends that the $729,814 decrease in local revenues be achieved by eliminating the 8.57% surcharge and reducing the rates in the following schedules; Flat Rate Exchange Service (Schedule A-1), Semi-Public Service (Schedule A-5), Foreign Exchange Service (Schedule A-10), Directory Listing Service (Schedule D-1), and Multi-Element Service Charges (Schedule A-21). TD also recommends that Ponderosa withdraw its two-party access line service and Interexchange Receiving Service (Schedule A-9). We find TD's recommended rate and schedule changes reasonable. Appendix C presents the Net to Gross Multiplier Calculation and summarizes the rate design changes necessary to reduce revenues by $729,814.

Senate Bill 1035

Senate Bill 1035 (Chapter 675, 1996), approved by the Governor, September 20, 1996, prohibits any telephone corporation in a noncompetitive market from charging any subscriber for having an unlisted or unpublished telephone number. Ponderosas' Schedule D-1, Directory Listings Service, shows that the Non-Published Service and the Non-Listed Service, is offered at the rate of $0.30 and $0.15 per month, respectively. The 1997 estimated units are 1,245 for Non-Published and 16 units for the Non-Listed service, which results in $4,482 from Non-Published Service and $29 from Non-Listed service for a total of $4,511 in revenues per year. SB 1035 states that the charge shall not be eliminated until offsetting rates are implemented by the Commission. TD Staff proposes that the charge be eliminated as of May 1, 1997, but that the $4,511 annual revenue requirement remain as part of local revenues to be recovered as part of the local exchange rate (Schedule A-1, Flat Rate Exchange Service). We find this proposal to be reasonable.

Deregulation of Pay Telephone Service

Ponderosa, in a separate advice letter filing, proposes to detariff its payphone service pursuant to Federal Communications Commission (FCC) Order (Docket 96-388) dated September 20, 1996. The order directs all LECs to reclassify their payphone operations as unregulated customer premise equipment and to transfer associated telephone plant to unregulated service accounts.

Ponderosa's Advice Letter No. 232, dated January 15, 1997, to detariff its payphone operations will become effective on April 15, 1997. Ponderosa, however, does not address the ratemaking aspects associated with deregulation of its payphones. Therefore, we shall order Ponderosa to file a new advice letter, within 90 days of the effective date of this resolution, to address the ratemaking effects of payphone deregulation and its payphone service detariffing accomplished with Advice Letter No. 232.

Resolution No. T-15970, November 26, 1996, required that the present rates of Ponderosa be subject to refund as of January 1, 1997 pending a final decision on Ponderosa's GRC filing. A credit has been calculated to refund excess rates charged between January 1, 1997 and the end of April 1997. The credit is listed in Appendix D and will exist until December 31, 1997. We find TD's recommended rate changes to be reasonable. Ponderosa should file a Supplement to Advice Letter No. 220 implementing the rate design changes adopted in Appendix D and consistent with this Resolution.

California High Cost Fund

Small LECs were authorized and ordered by D.88-07-022 and D.91-09-042 to file with the Commission, by October 1 of each year, advice letters setting forth calculations of their California High Cost Fund (CHCF-A) funding requirements for the following year. On page one of its appendix, D.91-09-042 stated that "Those companies with a revised local exchange revenue requirement (the sum of the present level of local exchange revenues and the net positive and negative settlements effects for such company herein specified) which cannot be met from the local exchange rate designs incorporating the 150% threshold shall be eligible to receive the balance of their revised local exchange revenue requirement from the HCF,..." This appendix went on to state, on page 2, "Utilities shall be eligible for support from the fund limited to the amount (sic) which are forecasted to result in earnings not to exceed authorized intrastate rates of return or to the current funding level amount for the year for which the HCF is being requested, whichever amount is lower."

CHCF-A advice letters are required of each small LEC annually, regardless of whether the LEC is actually requesting to draw funds from the CHCF-A. In both the annual CHCF-A advice letters and in the Commission Resolutions ruling on them, it has become customary to refer to the amount a LEC calculates as its revenue shortfall, due to the net settlements effects of specified events beyond its control, as the LEC's "CHCF-A requirement". This phrase is used regardless of whether the LEC is actually requesting to draw funds from the CHCF-A. A LEC's CHCF-A requirement of a given year becomes the starting point for the calculation of its following year's CHCF-A requirement and, potentially, fund request.

Resolution T-15987, January 13, 1997, deferred the consideration of Ponderosa's California High Cost Fund (CHCF-A) funding request for 1997 made in Advice Letter No. 229 (October 31, 1996) to its present GRC. Since Ponderosa is found herein to be overearning by $729,814, we find that its actual 1997 CHCF-A requirement is zero. In its 1998 CHCF-A advice letter filing, Ponderosa should use zero as its 1997 CHCF-A requirement, from which the calculation of its 1998 CHCF-A requirement begins.

FINDINGS

1. Ponderosa filed its GRC Advice Letter No. 220 on December 27, 1995, in compliance with Decision No. 94-09-058.

2. Ponderosa requested a 1997 test year net revenue requirement of $2,336,268 and a total Rate Base amount of $20,335,565 an overall Rate of Return of 11.50%.

3. TD staff recommends a 1997 test year net revenue amount of $2,114,205 a total Rate Base amount of $21,142,051, and a gross revenue reduction of $729,814 for an overall rate of return of 10.00%.

4. Results of operations differences between TD staff and Ponderosa result from changes to the state tax rate, pooled settlement rates of return, use of 1995 and 1996 year-end accounts for estimates, and the overall rate of return.

5. We find that a rate of return of 10.00% with a determination that equity components in the range of 60% to 80% is reasonable and was adopted for Cal-Oregon, Calaveras, Ducor, Foresthill, and Sierra Telephone Company in Decisions issued in their respective Applications (A. 95-12-073, A.95-12-075, A. 95-12-076, A. 95-12-078, and A. 95-12-077). TD's recommendation to adopt for Ponderosa the 10.00% overall Rate of Return is reasonable.

6. We find TD's recommendation for test year 1997 revenues, expenses, and rate base contained in Appendix B to be reasonable.

7. Resolution No. T-15970, November 26, 1996, made Ponderosa's present rates subject to refund effective January 1, 1997.

8. TD's recommended test year 1997 decrease in local revenues of $729,814 should be implemented in accord with the rate design changes adopted in Appendix D and consistent with this Resolution.

9. TD's proposal in response to Senate Bill 1035 to eliminate Ponderosa's charge for Non-Published Service and Non-Listed Service, (Schedule D-1, $0.30 and $0.15, respectively per month) effective May 1, 1997, but to retain a revenue requirement of $4,511 per year as part of Schedule A-1, Flat Rate Exchange Service, is reasonable.

10. Ponderosa should file a Supplement to Advice Letter No. 220 to implement the rate changes consistent with this Resolution and approved in Appendix D.

11. Resolution T-15987, January 13, 1997, deferred the determination of Ponderosa's California High Cost Fund (CHCF-A) requirement for 1997, as filed in Advice Letter No. 229, October 31, 1996, to its present GRC.

12. Since Ponderosa is found to be overearning in 1997, we find that its actual CHCF-A requirement for 1997 is zero.

13. Ponderosa filed Advice Letter No. 232 to detariff its payphone operations, effective April 15, 1997, pursuant to FCC Order (Docket 96-388).

14. Ponderosa has not addressed the ratemaking aspects of payphone deregulation associated with its pay telephone service detariffing accomplished in Advice Letter No. 232, effective April 15, 1997.

15. Ponderosa should file a new Advice Letter within 90 days of the effective date of this resolution, to address the ratemaking

effects associated with payphone deregulation and its pay telephone service detariffing accomplished in its Advice Letter No. 232.

16. Since Ponderosa is found to be overearning by $729,814 for 1997, any request for monies in CHCF-A funding for 1997 is denied.

THEREFORE, IT IS ORDERED that:

1. The revenues, expenses, and rate base amounts recommended by the Telecommunications Division for The Ponderosa Telephone Company for test year 1997 in Appendix B are adopted for ratemaking purposes.

2. The rate design changes adopted in Appendix D and consistent with this Resolution are made effective January 1, 1997. The Ponderosa Telephone Company shall refund the 12.72% surcredit applicable to local and toll services, over an eight month period from May 1, 1997 thru December 31, 1997, as adopted in Appendix D pursuant to Resolution No. T-15970, November 26, 1996.

3. The Ponderosa Telephone Company shall file a supplement to Advice Letter No. 220, effective on 5 days notice, to implement the rate design changes adopted in Ordering Paragraph 2 above.

5. The request by The Ponderosa Telephone Company in Advice Letter No. 229, October 31, 1996, for a determination that the CHCF-A funding for 1997, pending the outcome of the General Rate Case filing in Advice Letter No. 220 is denied.

6. The Ponderosa Telephone Company shall use zero as its 1997 CHCF-A requirement when it files its 1998 CHCF-A advice letter.

7. The Ponderosa Telephone Company shall file a new advice letter, within 90-days of the effective date of this resolution, to address the ratemaking effects associated with payphone deregulation and its pay telephone service detariffing accomplished in its Advice Letter No. 232.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 23, 1997. The following Commissioners approved it:

Wesley Franklin

WESLEY M. FRANKLIN
Executive Director

P. GREGORY CONLON
President
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners

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Appendix A, Resolution No. T-16005

Comparison of TD's and The Ponderosas' Estimated Intrastate Results of Operations
at Present Rates

Test Year 1997

	Intrastate Estimates		Ponderosa Exceeds	
	Ponderosa	TD	Amount	Percent
OPERATING REVENUES				
Local Network Revenues	$2,277,977	$2,558,669	($280,692)	-11%
Long Distance Network	$4,302,955	$4,080,132	$222,823	5%
Network Access Service-I/S	$2,390,607	$2,793,386	($402,779)	-14%
Miscellaneous	$271,500	$309,000	($37,500)	-12%
LESS: Uncollectibles	$0	$0	$0	0%
TOTAL OPER. REV.	$9,243,039	$9,741,187	($498,148)	-5%
OPERATING EXPENSES				
Depreciation & Amortization	$3,463,614	$4,014,412	($550,798)	-14%
Plant Specific	$1,673,622	$1,785,700	($112,078)	-6%
Plant Non-Specific (less Depr.)	$899,642	$914,702	($15,060)	-2%
Customer Operations	$839,849	$912,632	($72,783)	-8%
Corporate Operations	$1,611,438	$1,824,952	($213,514)	-12%
I/S Exp Adj - USF	($2,974,859)	($3,878,912)	$904,053	-23%
TOTAL OPER. EXPS.	$5,513,306	$5,573,486	($60,180)	-1%
OPERATING TAXES				
Operating ITC	$0	$0	$0	0%
Property Tax	$0	$0	$0	0%
O[illegible] Taxes	$184,904	$209,464	($24,560)	-12%
Federal Income Tax	$965,224	$1,093,154	($127,930)	-12%
Amort. Deferred FIT	$0	$0	$0	0%
State Income Tax	$291,089	$311,781	($20,692)	-7%
Amort. Deferred SIT	$0	$0	$0	0%
		$0		
TOTAL OPER. TAXES	$1,441,217	$1,614,399	($173,182)	-11%
NET OPERATING INCOME	$2,288,516	$2,553,302	($264,786)	-10%
RATE BASE (Average)				
Plant in Service	$34,898,114	$38,313,910	($3,415,796)	-9%
Materials & Supplies	$198,311	$216,766	($18,455)	-9%
Working Cash	$680,500	$751,500	($71,000)	-9%
Telephone Plt Under Const.	$3,988,343	$2,587,377	$1,400,966	54%
LESS: Depreciation Reserve	($18,137,877)	($19,197,026)	$1,059,149	-6%
LESS: Deferred Tax	($1,279,536)	($1,420,365)	$140,829	-10%
LESS: Customer Deposits	($12,290)	($110,111)	$97,821	-89%
TOT. AVG. RATE BASE	$20,335,565	$21,142,051	($806,486)	-4%
RATE OF RETURN	11.25%	12.08%		

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Appendix B, Resolution No. T-16005
Results of Operations Forecast with TD's Proposed Changes in Rates

Test Year 1997

	Total Intrastate	Proposed Changes in Rates	Adopted Intrastate
OPERATING REVENUES			
Local Network Revenues	$2,558,669	($729,814)	$1,828,855
Network Access Service-USF	$4,080,132		$4,080,132
Network Access Service-IntraState	$2,793,386	$0	$2,793,386
Toll Service	$309,000	$0	$309,000
B & C Intrastate	$0	$0	$0
Other Operating	$0		$0
LESS: Uncollectibles	$0	$0	$0
TOTAL OPER. REV.	$9,741,187	($729,814)	$9,011,373
OPERATING EXPENSES			
Depreciation & Amortization	$4,014,412		$4,014,412
Plant Specific	$1,785,700		$1,785,700
Plant Non-Specific (less Depr.)	$914,702		$914,702
Customer Operations	$912,632		$912,632
Corporate Operations	$1,824,952		$1,824,952
Other Income & Expenses	($3,878,912)		($3,878,912)
TOTAL OPER. EXPS.	$5,573,486		$5,573,486
OPERATING TAXES			
Operating ITC	$0		$0
Property Tax	$0		$0
Other Taxes	$209,464		$209,464
Federal Income Tax	$1,093,154	($226,201)	$866,953
Amort. Deferred FIT	$0		$0
State Income Tax	$311,781	($64,516)	$247,265
Amort. Deferred SIT	$0		$0
TOTAL OPER. TAXES	$1,614,399	($290,717)	$1,323,682
NET OPERATING INCOME	$2,553,302	($439,097)	$2,114,205
RATE BASE (Average)			
Plant in Service	$38,313,910		$38,313,910
Materials & Supplies	$216,766		$216,766
Working Cash	$751,500		$751,500
TPUC	$2,587,377	$0	$2,587,377
LESS: Depreciation Reserve	($19,197,026)		($19,197,026)
LESS: Deferred Tax	($1,420,365)		($1,420,365)
LESS: Customer Deposits	($110,111)		($110,111)
TOT. AVG. RATE BASE	$21,142,051	$0	$21,142,051
RATE OF RETURN	12.08%		10.00%

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Appendix O, Resolution No. T-16005

Calculation of Ponderosa Telephone Company's Net to Gross Multiplier
and Incremental Revenue Requirement

Test Year 1997

Gross Operating Revenues			1.00000
Uncollectibles			0.00000
Net Revenues			1.00000
State Income Tax Rate (at 8.84% eff. 1/1/97)		8.84%	0.08840
Federal Taxable Income			0.91160
Federal Income Tax (at 34.00%)		34.00%	0.30994
Net Income			0.60166
Net to Gross Revenue Multiplier			1.662079328
State Rate Base	553,922		$21,142,051
State Return on Rate Base (at 10.00%)	920,662	10.00%	$2,114,205
State Net Operating Income			$2,553,302
Net Deficit or (Over Earnings)			($439,097)
Gross Revenue Requirement			($729,814)

Total Revenue Requirement **($729,814)**

Appendix D, Resolution No. T-16005
Present and Adopted Rates and Interim Surcredit Calculation for Ponderosa Telephone Company
Test Year 1997

Tariff Schedule	Present Rates	Adopted Rates	$ Rate Change	% Rate Change
Schedule A-1 Flat Rate Exch				
Individual Access Line	$17.85	$14.65	($3.20)	-17.93%
Two-Party Access Line	$13.75	$14.65	$0.90	6.55%
ULTS-Individual Access Line	$5.62	$5.62	$0.00	0.00%
ULTS-Two party Access Line	$3.16	$5.62	$2.46	77.85%
Business Service:				
Individual Access Line	$33.90	$24.75	($9.15)	-26.99%
Two-Party Access Line	$27.25	$24.75	($2.50)	-9.17%
Key Access Line	$33.90	$24.75	($9.15)	-26.99%
C.O. Trunk Access Line	$45.30	$24.75	($20.55)	-45.36%
Schedule A-5 Semi-Pub Svc				
Semi Pub Coin-box Svc	$33.00	$30.00	($3.00)	-9.09%
Schedule A-10 FEX Service				
One Party-Business	$30.95	$25.00	($5.95)	-19.22%
Four Party-Residence	$16.11	$14.50	($1.61)	-9.99%
Schedule D-1 Direct Listing				
Residence:				
FEX Non-Published	$0.30	$0.00	($0.30)	-100.00%
Nonpublished Service	$0.30	$0.00	($0.30)	-100.00%
Nonlisted Service	$0.15	$0.00	($0.15)	-100.00%
Schedule A-21 Multi-Element Charges				
New Service/Supersedure	$20.25	$20.00	($0.25)	-1.23%
Schedule A-25 Bill Surcharge				
Billing Surcharge	8.57%	N/A	$0.00	0.00%

Interim Surcredit

Gross Revenue Requirement Reduction	729,814
Divide by 12 Monthly Periods	60,818
Overbilling Jan 1-Apr 31, 97	243,271
Monthly Refund Over 8 Months	30,409
Monthly Local & Toll Services Billing Base	239,066
Surcredit from May 97 to Dec. 97	12.72%