

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

NOTICE OF SOUTH CENTRAL BELL)	
TELEPHONE COMPANY OF AN)	CASE NO.
ADJUSTMENT IN ITS INTRASTATE)	8467
RATES AND CHARGES)	

ORDER

IT IS ORDERED that South Central Bell Telephone Company shall file with the Commission no later than June 11, 1982, the responses to the following requests for information. Each copy of the data requested should be placed in a bound volume with each item tabbed. Where a number of sheets are required for an item, each sheet should be appropriately indexed. Careful attention should be given to copied material to insure that it is legible.

Staff Request No. 1A

1. On page 16 of J. H. Shaffer's testimony he states, "we find that for each \$1.00 of price increase the Company will realize 89.75 cents of revenue." Please justify this statement. Include in the justification:

a. A description of the variables used in the Company's econometric demand model and an explanation of why they were used;

b. All data used to estimate the econometric demand model, the source of all such data and any workpapers that were used to develop the data;

c. The results of all statistical tests performed to verify whether the model has been properly estimated. Provide all workpapers used to perform the statistical tests, explanations of why the tests were performed, and interpretations of the results of the tests;

d. For all alternative econometric demand models considered by the Company, specify the model and provide the information requested in a, b and c above;

e. For all alternative econometric demand models considered by the Company, provide an explanation of why that model was not used to estimate the repression in demand in this case; and

f. A detailed narrative explanation and any accompanying workpapers that are required to convert the estimates derived from the econometric demand model to arrive at Mr. Shaffer's statement referenced above.

2. On page 16 of J. H. Shaffer's testimony he states, "For each \$1.00 of repression the Company will realize 19 cents of cost savings." Please justify this statement. Include in the justifications:

a. A detailed narrative explanation of the methodology employed to determine the cost savings associated with each \$1.00 of repression; and

b. All workpapers used to support the quantification of the cost savings.

3. On page 16 of J. H. Shaffer's testimony, he states that by combining the repression and cost savings effects "the Company will realize 91.7 cents of additional revenue and cost savings for each \$1.00 of price increase." Please justify this statement. Provide a description of how the amount 91.7 cents was determined. Also provide all workpapers to support this calculation.


4. In Shaffer Exhibit No. 1, on the line entitled Repression and Cost Savings an annual value of \$6,430,000 has been assigned.

a. Provide a detailed narrative explanation of the methodology used to determine the annual value.

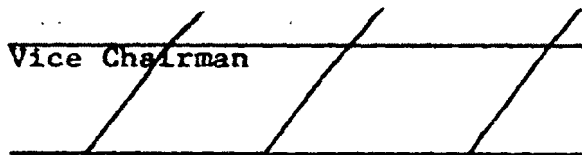
b. Provide all workpapers used to calculate the annual value of \$6,430,000 for Repression and Cost Savings.

Done at Frankfort, Kentucky this 21st day of May, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary