

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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

O R D E R

IT IS ORDERED that South Central Bell shall file an original and nine copies of the following information with the Commission by June 18, 1982. 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; for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to insure that it is legible. Moreover, South Central Bell shall furnish the name of the witness who will be responsible for responding to questions concerning each area of information outlined below.

Staff Request No. 1B

1. A summary and supporting information concerning any alternative proposals to restructure the local exchange service flat rate schedule that may have been considered by South Central Bell. This should be interpreted to include:

- a) information concerning outlines of alternative local exchange service flat rate schedules; b) information concerning evaluations of alternative local exchange

service flat rate schedules; c) information concerning the cost and rate requirements of alternative local exchange service flat rate schedules; d) information concerning the methodology and results of alternative access line statistical samples; and, c) other information necessary to satisfy this request.

2. Assuming local exchange and related revenue, and rate relationships as proposed in this case, a local exchange service flat rate schedule based on the present seventeen rate groups.

3. Assuming local exchange and related revenue, and rate relationships as proposed in this case, a local exchange service flat rate schedule based on local access transport area (LATA) planning.

4. A summary and supporting information used in the preparation of Shaffer Exhibit No. 2, Kentucky Access Line Embedded Cost Analysis and Kentucky Access Line Current Cost Analysis. This should include a description of each cost element and supporting information necessary to analysis of the cost studies.

5. A summary and supporting information concerning the methodology and results of the access line statistical sample used in the preparation of Shaffer Exhibit No. 2, Kentucky Access Line Embedded Cost Analysis and Kentucky Access Line Current Cost Analysis. This should include a description of the sampling procedure, the statistics employed, and supporting information necessary to analysis of the access line studies.

6. An analysis of measured service subscriber and revenue data as shown in Format No. 1

7. An analysis of measured service financial data as shown in Format No. 2.

8. Cost studies associated with the pricing of all new items of service and equipment not already provided, including but not limited to:

- A. Low-use measured service.
- B. PBX measured service.
- C. Toll trunk service.
- D. Long distance resale.

This should include a description of each cost element and supporting information necessary to analysis of the cost studies.

9. Cost studies associated with the repricing of existing items of service and equipment not already provided, including but not limited to:

- A. Telephone station and mobile telephone sets.
- B. Service charges.
- C. Private line equipment and channel services.
- D. Zone service.
- E. Business message rate line and message rate PBX trunk grouping service.
- F. Custom calling service.
- G. Multiple line control equipment.

This should include a description of each cost element and supporting information necessary to analysis of the cost studies.

10. A description of each cost element and supporting information necessary to analysis of cost studies already provided, including but not limited to:

- A. Unrecovered telephone equipment.
- B. Group emergency alerting and dispatching system.

11. An analysis of long distance service revenue contribution as shown in Format No. 3.

12. An analysis of services and equipment in the General Subscriber Services Tariff as shown in Format No. 4.

13. An analysis of services and equipment in the Private Line Service Tariff as shown in Format No. 5.

14. An analysis of services and equipment in the Customer Premises Products Tariff as shown in Format No. 6.

15. A detailed description and supporting information necessary to analysis of Shaffer Exhibit No. 3.

16. Provide a schedule comparing for the past 5 years (1977-81) expenses of AT&T's General Department for services rendered to the long lines department and licensee companies by principle work activities. Appropriate footnotes and/or explanation should be attached for deletions, reclassifications and other changes in the description of principle work activities occurring during the past 5 years. It may be appropriate to restate certain principle work activities previously deleted or reclassified (i.e., interstate antitrust suits) or to provide subtitles in order to obtain adequate matching of similar expenses.

17. With reference to Stevens Exhibit, Part 5.
- (a) Provide a detailed description by function of expenses included in the Antitrust Support Activities subtitle of the Legal work activity (Item 23-E). If salaries and wages have not been included, in what activity have these expenses been included indicating the amount in each activity.
  - (b) Describe the differences between the Department of Justice Antitrust Suit (Item 27-C) and the Interstate Antitrust Suits (Item 27-D). What are the other interstate antitrust suits and how do they effect interstate operations.
  - (c) Provide a detailed description of the Customer Service and Marketing work activity. What benefit does this activity provide to Kentucky customers?
  - (d) Provide an explanation of the increase in expenses from the amounts provided in Case No. 8150 and the current case for the following principle work activities:
    - 1. Network Planning and Design (Item 2)
    - 2. Network Services (Item 3)
    - 3. Business Services (Item 7)
    - 4. Comptrollers (Item 13)
    - 5. State Regulatory Matters (Item 17)
    - 6. Legal (Item 19)

7. Secretary (Item 20)
8. Administrative Services (Item 21)
9. Executive (Item 22)
10. Financial Management (Item 23)
11. Corporate Planning (Item 24)

18. Provide a breakdown of Bell Telephone Laboratories Billing for Research and Systems Engineering total charge into basic research, applied research, systems engineering, quality assurance, and patent administration as set out in Case No. 10001 before the Public Utilities Commission of the State of California in connection with the investigation into the rates, tolls, rules, charges, operations, costs, separations, inter-company settlements, contracts, service, and facilities of the Pacific Telephone and Telegraph Company. In addition, supply the percentage billed intrastate Kentucky operations for each category.

The above-mentioned categories are defined as follows:

Basic Research. This category is concerned with the exploration of "fundamental phenomena and the advancement of the understanding of the natural laws that govern them." The objective is "fundamental scientific understanding", although "concepts may be invented and exploratory devices fabricated for experimental purposes."

Applied Research. Activities in this category are of wide scope and are hardest to define with precision. Certain theoretical experiments are similar to those in "basic research". Others are for the purpose of establishing technical feasibility. Another category is reliability of technology used by OTC; still another covers work in advanced technology in such areas as transmission, switching, and terminals.

Systems Engineering. This category exists for the purpose of engineering the telephone network to meet future requirements. Activities in this area include "planning network configurations for efficient traffic handling; planning for continuity of service under conditions of high load, equipment failure and disaster; planning introduction of new technology; establishing service objectives; and developing requirements for compatibility among all of the apparatus and equipment that make up the physical network."

Quality Assurance. Bell Labs quality assurance "acts as a quality acceptance organization" for the OTCs. The purpose of this category is to establish quality standards for products, to perform in-process analyses, to test final performance, and assess installations.

Patent Administration. This category concerns patent applications, licensing, patentability studies, and other similar work for the purpose of protecting Bell Labs inventions and allowing freedom of use by the Bell System of telecommunications technology.

Done at Frankfort, Kentucky, this 28th day of May, 1982.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary

Local Measured Service

Subscriber and Revenue Data

A. Standard Measured Service

Measured Service  
Subscribers

Measured Service  
Revenue

Comparable Flat  
Rate Revenue

Revenue  
Difference

Test Year (Actual)

Business

Residence

Total



Local Measured Service

Subscriber and Revenue Data

B. Standard Measured Service

	<u>Measured Service Subscribers</u>	<u>Measured Service Revenue</u>	<u>Comparable Flat Rate Revenue</u>	<u>Revenue Difference</u>
1982 (Estimated)				
Business				
Residence				
Total				
1983 (Estimated)				
Business				
Residence				
Total				
1984 (Estimated)				
Business				
Residence				
Total				

Local Measured Service

Subscriber and Revenue Data

C. Low-Use Measured Service

	<u>Measured Service Subscribers</u>	<u>Measured Service Revenue</u>	<u>Comparable Flat Rate Revenue</u>	<u>Revenue Difference</u>
1982 (Estimated)				
Business				
Residence				
Total				
1983 (Estimated)				
Business				
Residence				
Total				
1984 (Estimated)				
Business				
Residence				
Total				

Local Measured Service  
Subscriber and Revenue Data

D. PBX Measured Service

	<u>Measured Service</u> <u>Subscribers</u>	<u>Measured Service</u> <u>Revenue</u>	<u>Comparable Flat</u> <u>Rate Revenue</u>	<u>Revenue</u> <u>Difference</u>
1982 (Estimated)				
Total				
1983 (Estimated)				
Total				
1984 (Estimated)				
Total				

Local Measured Service

Investment and Cost Data

	<u>Investment</u>	<u>Annual Operating Cost</u>	<u>Capital Cost</u>	<u>Non-recurring Cost</u>
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A. Standard Measured Service

Test Year (Actual)

1982 (Estimated)

1983 (Estimated)

1984 (Estimated)

Subtotal (1982-84)

B. Low-Use Measured Service

1982 (Estimated)

1983 (Estimated)

1984 (Estimated)

Subtotal (1982-84)

C. PBX Measured Service

1982 (Estimated)

1983 (Estimated)

1984 (Estimated)

Subtotal (1982-84)

Totals

Long Distance Service

Cost and Revenue Data

	<u>Total</u> <u>Investment</u>	<u>Annual Operating</u> <u>Cost</u>	<u>Total</u> <u>Capital Cost</u>	<u>Annual</u> <u>Non-recurring</u> <u>Cost</u>	<u>Total</u> <u>Cost</u>	<u>Total</u> <u>Revenue</u>
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Test Year (Actual)

1982 (Estimated)

1983 (Estimated)

1984 (Estimated)

General Subscriber Services Tariff  
Service and Equipment Information

<u>Description</u>	<u>Tariff Section</u>	<u>USOC</u>	<u>Rate</u>	<u>Percent Contribution*</u>	<u>Date of Last Cost Study</u>	<u>Date of Last Increase</u>	<u>Case No. of Last Increase</u>
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\*May include the levelized effect of applicable non-recurring charges, other than service charges.

Private Line Service Tariff

Service and Equipment Information

<u>Description</u>	<u>Tariff Section</u>	<u>USOC</u>	<u>Rate</u>	<u>Percent Contribution*</u>	<u>Date of Last Cost Study</u>	<u>Date of Last Increase</u>	<u>Case No. of Last Increase</u>
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\*May include the levelized effect of applicable non-recurring charges, other than service charges.

Customer Premises Products Tariff  
Services and Equipment Information

<u>Description</u>	<u>Tariff Section</u>	<u>USOC</u>	<u>Rate</u>	<u>Percent Contribution*</u>	<u>Date of Last Cost Study</u>	<u>Date of Last Increase</u>	<u>Case No. of Last Increase</u>
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\*May include the levelized effect of applicable non-recurring charges, other than service charges.