

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 ADJUST-)	CASE NO. 8467
MENT IN ITS INTRASTATE RATES)	
AND CHARGES)	

O R D E R

IT IS ORDERED that South Central Bell shall file an original and twelve copies of the following information with the Commission by July 28, 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. 2

1. During the test period and subsequent thereto South Central Bell has reduced its total Kentucky residential service centers and long-distance operators centers significantly. On a normalized basis, calculate the expected effect these reductions will have on Kentucky intrastate operating expenses.

2. Referring to the response to Staff Request No. 1, Item 10A, monthly Kentucky Operating Expense Reports were provided in lieu of the requested detailed format. Upon reviewing the reports supplied, the information originally requested is not readily available as data for the comparative prior months is only shown on a cumulative basis. Please complete the information in the format as originally requested. Secondly, identify and provide detailed explanations of significant monthly changes (15 percent or more) between any 2 months of the test period.

3. Referring to the response to Jefferson County, City of Louisville, and the Attorney General's Request No. 1, Item K-33, you state that South Central Bell is using the averaging method to flow through to income the difference in deferred federal income taxes resulting from the reduction in the statutory tax rate. Provide a description of the averaging method as used by South Central Bell. An example should be provided indexed to your explanation. Supporting explanation should be provided for all factors necessary in determining the method used.

4. Refer to Response to Staff Request No. 1, Item 8, page 3, contract changes.

a) On line 5, a reduction is made for loaned employees. Does this amount represent loaned employees' total wages or the amount of change? If the \$242,557 represents only the amount of increase, provide the total wages applicable to those employees. Have these wages been excluded from test period operating expenses elsewhere?

b) Provide an explanation of why the May 31, 1981, volume of employees was used in this calculation.

c) Provide a revised calculation using the employee volume at January 31, 1982.

d) It is noted that the factor of .1447 used to determine over-time is the same as shown in exhibits to Case No. 8150. Provide the methodology of determining this factor and the date it was last determined. The percentage of wages, benefits and social security expensed is significantly greater than in preceding years. Provide the explanation for this change.

5. Refer to page 5 of the same response as cited in question 4. This adjustment is normalized for three salary changes occurring during the test period. What was the general percentage increase of each? What were the dates of the volume of employees used to determine these adjustments? If the dates were other than January 31, 1982, provide a revised exhibit based on employees at January 31, 1982.

6. Refer to page 17 of the same response cited in question 4. Are the FICA bases actual or normalized? What is the relationship between this adjustment and the wage and salary adjustments for social security? Recalculate this based on employees at January 31, 1981.

7. Refer to page 31 of the same response cited in question 4. What is the general percentage increase of each of these adjustments? Provide a revised exhibit reflecting the known changes for March and April. When the October 1982 adjustment becomes known, provide an exhibit showing the known amount.

8. Regarding page 33 of the same response, when the CPI-W for May becomes available, provide an updated exhibit for contract changes. Is the amount shown as a reduction for loaned employees incremental wages or total wages? If the amount represents only the amount of increase, provide the total wages applicable to those employees. Have these wages been excluded elsewhere?

9. Provide a reconciliation of the cost rates and annual interest costs in Matheson Exhibit, page 1 with the cost rates and annual interest charges in the response to Staff Request No. 1, Item 29, pages 3 and 8.

10. Provide supporting work papers showing the calculation of the estimated cost of debt figures presented in Matheson Exhibit, page 3.

Done at Frankfort, Kentucky, this 11th day of June, 1982.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:

Secretary