

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF SOUTH CENTRAL)
BELL TELEPHONE COMPANY TO)
RESTRUCTURE AND REPRICE ITS 1.544) CASE NO. 10402
MEGABIT SERVICE)

O R D E R

IT IS ORDERED that South Central Bell Telephone Company ("SCB") shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible.

The information requested is due no later than January 13, 1989. If the information cannot be provided by this date, a motion for an extension of time must be submitted stating the reason for the delay and the date by which the information can be furnished. The Commission will give due consideration to such motions.

1. Provide a complete copy of the most recent Kentucky Broad Gauge or equivalent.

a. Briefly explain how these costs were developed, such as explaining what costs are included in each cost category.

b. Provide a translation of the "Item Descriptions."

c. Please explain how the Broad Gauge is currently being used, such as identifying all activities for which the Broad Gauge is used to identify costs and explaining how it is used to calculate costs.

2. Please explain how special construction charges, as referred to in Tariff Section B7.1.1.F, will be calculated and provide the source for these costs. If the method used to develop these charges is inconsistent with those used to develop the tariffed rates, please justify the method. For instance, if cost elements are included in the special charges that were also included in developing the tariffed rates, please explain why this does not constitute double recovery.

3. Please refer to Attachment 2, entitled "Cost Summary," of the tariff filing.

a. Please explain what is meant by "forward-looking" costs.

b. Please explain why it is not appropriate to include any "arbitrary allocation of costs" and identify the services for which recovery of overhead costs is appropriate.

c. Please identify whether embedded or current costs were used in the cost study and provide justification for the choice.

4. Please reference the cost study supplied with the tariff filing. Provide breakdowns of all investment amounts by identifying each type of equipment or plant, and associated cost, used to derive the investment amounts. The level of detail expected should be equal to those contained in the Broad Gauge or equivalent. It is recognized that many items, such as non-outside plant, are not included in the Broad Gauge.

5. Please reference the pages entitled "Changes in Non-recurring Rates" which was supplied with the tariff filing. Why is it not possible to estimate the revenue effect of the Service Change charge?

6. Please provide any information available which would identify the expected average, and variances from the average, of MegaLink Local Channel mileages.

7. Please provide any information available which would identify the expected average, and variances from the average, of MegaLink Interoffice Channel mileages.

8. The MegaLink Interoffice Channel rate structure is unusual in that there is no economic incentive to obtain a long term contract, other than rate stability, for very low mileages. Are there any central offices that are less than two miles apart?

9. Please identify all other SCB tariff offerings that contain components that are functionally equivalent to components contained in the MegaLink tariff and indicate whether there are limitations on the use of these services depending upon customer classification. For example, MegaLink Interoffice Channels appear to be functionally equivalent to the 1.544 Mbs Channel Mileage

rate category contained in the Special Access, High Capacity tariff. If this is correct, is the 1.544 Mbs Channel Mileage rate available to non-interexchange carrier customers?

10. Provide a pictorial representation of the proposed MegaLink Service and existing 1.544 Megabit Service rate elements. Inclusion of MegaLink Channelization Service rate elements is desirable, but not required.

11. Provide an estimate of the expected usage of the MegaLink Service by unregulated affiliates and identify these affiliates.

12. Describe the theoretical basis for the pricing of Megalink service.

13. Describe the assumptions used in pricing Megalink.

14. Identify the source for the demand projections.

15. Identify the assumptions used to develop the demand projections.

Done at Frankfort, Kentucky, this 6th day of January, 1989.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director