

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH CENTRAL BELL TELEPHONE COMPANY'S)
PROPOSED VINTAGE ESSX AND DIGITAL ESSX) CASE NO. 91-164
TARIFF)

O R D E R

IT IS ORDERED that South Central Bell Telephone Company ("South Central Bell") shall file the 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. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided.

The information requested is due no later than 20 days from the date of this Order. 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. Such motion will be considered by the Commission.

For Items 1-5 reference Volume II of IV of the application, filed June 24, 1991:

1. The proposed ESSX tariff rates are based upon a December 1989 study, which is an update of 1988 and 1987 studies. Explain why the proposed rates are based upon a two year old study rather than a more current study.

2. Discuss in detail all current assumptions that South Central Bell is using with regard to this case. Include in your answer any assumptions that have been carried forward from older studies as well as any new assumptions relevant to a current study.

3. In the 1988 update, comparisons between ESSX rates and competitors' rates are stated to be valid exclusively for the 60 month contract period. Does this caveat also apply to the 1989 study?

4. Explain why 60 and 36 month contract rate comparisons are made with competitors' prices in section E, yet in subsequent sections (tabs F - O) only three years are analyzed.

5. Reference the last two assumptions discussed or listed in section E, Attachment 3, page 10 and in section A of vol. II page 3 of 4 of the application, South Central Bell notes that Centrex lines represent the stated percentage of the Southeast market.

a. In light of these statements and the fact that South Central Bell's proposed rates may not be lower than competitors' prices, where does South Central Bell fit into the market in Kentucky?

b. How will South Central Bell market the enhanced ESSX system? Will there be any sort of incentive(s), such as monetary sign-up bonuses, rebates or discounts of any sort, variable or lower finance charges, quality of service changes or additions, type of service changes or additions, inclusion with

other types of services or bundling, etc., given to customers or potential customers, resulting in lower customer charges and/or enhancement of services at the same or lower customer charges?

c. Discuss the manner in which any form of these marketing incentives, if any, will affect South Central Bell's cost-of-service estimates or requirements and/or its rate base.

For Items 6-9 reference the Kentucky ESSX Service Loop Costs study, filed June 24, 1991:

6. All of the tables are based upon work conducted prior to October 1989. Explain why an updated study reflecting more recent market and economic conditions has not been conducted and included in the case filing. Provide a more recent study if it is available.

7. Discuss and list all current assumptions and data relevant to loop costs.

8. How do the most current loop costs compare to the old loop costs? Specifically, which costs went up and which declined? How do gross and net revenues change with the most current costs?

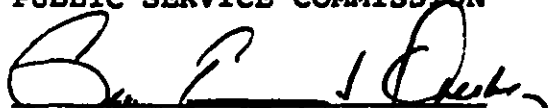
9. Discuss whether or not changing loop costs affect other types of South Central Bell services, local or otherwise. If there is an effect on other types of South Central Bell services, describe the nature and potential impact of the cost changes.

Done at Frankfort, Kentucky, this 8th day of October, 1991.

ATTEST:


Executive Director

PUBLIC SERVICE COMMISSION


For the Commission