

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE SALEM TELEPHONE)	
COMPANY FOR A CERTIFICATE OF PUBLIC)	CASE NO. 92-171
CONVENIENCE AND NECESSITY AUTHORIZING)	
IT TO CONSTRUCT ADDITIONAL FACILITIES)	

O R D E R

IT IS ORDERED that Salem Telephone Company ("Salem") shall file the original and ten copies of the following information with the Commission. Each copy of the information requested should be placed in a bound volume with each item tabbed.

The information requested herein is due no later than 30 days from the date of this Order. If the information cannot be provided by this date, Salem should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it can be furnished. Such motion will be considered by the Commission.

1. Provide a detailed breakdown showing how the engineering costs of \$200,000 outlined in Salem's application were determined.
2. Identify the company responsible for the provision of the engineering services in connection with the proposed construction.

3. Is Salem aware that in Case No. 90-225,¹ the Commission denied the application of Leslie County Telephone Company, Inc. ("Leslie") based primarily on the decision that the originally submitted engineering expenses of 13.2 percent of the total investment for the proposed construction were excessive and unreasonable as compared to similar projects of other telephone utilities and that Leslie later revised the engineering expenses to a more reasonable percentage whereby the Commission then approved the proposed construction?

4. The engineering expenses associated with Salem's proposed construction equal 13.3 percent of the total investment, which is nearly identical to the engineering expense originally submitted by Leslie in the application mentioned above. Identify and explain any reasons why engineering costs are higher as a percentage of total investment for this project than that experienced by Leslie and other telephone utilities.

5. Refer to Kentucky Intrastate Access Service Tariff, Section 2.1.7, Original Page 2-8. Explain all provisions being taken for substitution, change or rearrangement of any obsolete customer furnished services.

6. Provide projected rate adjustment amounts and dates in order to remain in compliance with Rural Electrification Administration ("REA") earnings requirements.

¹ Case No. 90-225, Application of the Leslie County Telephone Company, Inc. for a Certificate of Public Convenience and Necessity Authorizing it to Construct Additional Facilities, Order Dated April 12, 1991.

7. State whether future rate applications will be based on REA earnings requirements (e.g. minimum TIER) or on ROE considerations.

8. On page 4 of the application (the verification page), Joseph E. Hicks attests to the validity of the application. The Notary Public, Jennifer L. White, incorrectly identifies herself rather than Mr. Hicks as the sworn individual. Provide a revised verification page correcting this clerical error.

Done at Frankfort, Kentucky, this 8th day of June, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director, Acting