

COMMONWEALTH OF KENTUCKY

BEFORE THE UTILITY REGULATORY COMMISSION

* * * * *

In the Matter of:

THE APPLICATION OF NORTH CENTRAL)
TELEPHONE COOPERATIVE CORPORATION)
FOR AN ORDER ESTABLISHING, APPROV-) CASE NO. 7909
ING AND ADJUSTING THE TARIFF AND)
RATES FOR THE CORPORATION)

O R D E R

IT IS ORDERED that North Central Telephone Cooperative Corporation, Inc. shall file with the Commission by September 19, 1980 the following information:

1. Provide a copy of REA Form 479 for each month of the test period and the preceding 12 months and a copy of REA Form 479A for the periods ending December 31, 1978 and 1979. If applicant does not complete these reports on a monthly basis, provide the quarterly, semi-annual or annual reports available for this period.
2. Provide the detailed work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.
3. Provide a statement of telephone plant in service per company books for the test year. This data should be presented as shown in Format I, attached.
4. Provide an analysis of Account 675 - Other Expenses and Account 642 - Advertising. This data should be presented as shown in Format II, attached. Provide work papers (detail) in support of the analyses. As a minimum, the work papers should

show the date, vendor, reference (i.e., voucher no., etc.), dollar amount and brief description of each expenditure. With regard to Account 642, Advertising, the purpose of each expenditure should be shown. Detailed analyses of Accounts 675 and 642 are not required for amounts of less than \$50 provided the items are grouped by classes as shown in the attached format.

5. Provide the amount of contributions for political purposes (in cash or services), if any.

6. Provide the following information with regard to uncollectible accounts for the test year for Kentucky, if available, and total company:

- a. Reserve account balance at the beginning of the year.
- b. Charges to reserve account (accounts charged off).
- c. Credits to reserve account.
- d. Current year provision.
- e. Reserve account balance at the end of the year.
- f. Percent of provision to total revenue.
- g. An explanation of the method used to calculate the annual uncollectible provision.

7. Provide a calculation of the rate or rates used to capitalize interest during construction for the test year and three preceding calendar years, and include a narrative explanation of each component entering into the calculation of this rate.

8. a. If any changes were made in service charges during the test period, furnish detailed work papers showing revenue actually billed during the test year as service charges using test period units and end-of-test period rates and the revenue adjustment necessary to reconcile this figure with actual billed revenues.

b. Similarly show revenue adjustments for any other changes in rates or charges during the test period, due to base rate area expansion, zone charges, exchange regrouping, etc.

9. a. Provide an explanation of the settlement contract(s) or method(s) used with South Central Bell and any other telephone companies (name company or companies) to arrive at applicant's Kentucky intrastate and interstate test period toll revenues.

b. Provide the Traffic Agreement presently in use for settlement purposes.

c. Provide explanations of the method(s) used to divide total toll revenues (whether received through settlements or otherwise) into the intrastate and interstate portions, broken down into message toll, WATS, private line (B-I and I-I if appropriate), foreign exchange and any other items contributing to these portions.

d. Provide four copies of the toll settlement summary forms for each of the months beginning with the third month prior to the start of the test period and continuing up to the month of the filing of the rate case.

e. Provide a statement of concurrence from South Central Bell that the test period intrastate toll settlement revenue is correct giving dollar amounts for each major class of toll service settled. If concurrence cannot be obtained, provide a detailed statement of differences.

10. a. Provide the status of all intrastate toll settlements, by major class of toll service, with South Central Bell that were pending at the beginning and at the end of the test period that would affect the test period intrastate toll revenues. Indicate the finality of these settlements with South Central Bell, and if they are not final, give the expected amounts and the expected dates they will be finalized. These amounts are to be reconciled with book entries including amounts accrued for anticipated future settlement adjustments.

b. Provide written explanations with appropriate work papers of each change or adjustment in intrastate toll settlements which was booked during the test period, but was applicable to settlements outside of the test period and which was booked outside the test period, but was applicable to settlements covering portions of the test period.

c. Provide written explanation with appropriate work papers of all pro forma adjustments made to bring the intrastate toll revenues to an end of test period level such as those caused by settlement contract changes or separations procedure changes.

d. Provide any other information the applicant deems necessary to explain the debits and credits to its toll revenues in order to arrive at a representative level of end-of-test period intrastate toll revenues.

11. Provide the Applicant's Times Interest Earned Ratio and Debt Service Coverage Ratio, as calculated by the Rural Electrification Administration for the test year and the preceding five (5) calendar years. Include the information used to calculate each ratio.

12. Provide a copy of the Company's Articles of Incorporation.

13. Provide a copy of the Company's current by-laws.

14. Provide details of the Company's policies regarding assignment, accumulation, and disbursement of patronage capital.

15. Provide a breakdown of the following accounts at the end of the test period:

a. Special Cash Deposits.

b. Other Accounts Receivable.

16. Provide a schedule of all charitable, social, or community contributions during the test period along with the account charged for each item.

17. Provide a schedule of all industry association and club dues for the test period along with the account charged for each item.

18. Provide the dollar amount of employee concession telephone service for the twelve (12) months of the test year as shown in Format III, attached.

Done at Frankfort, Kentucky, this 11th day of September, 1980.

UTILITY REGULATORY COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary

North Central Telephone Cooperative, Inc.

Case No. 7909

KENTUCKY COMBINED OPERATIONS
STATEMENT OF TELEPHONE PLANT IN SERVICE
TEST YEAR ENDING APRIL 30, 1980

<u>Account Number</u>	<u>Account (a)</u>	<u>Balance Beginning of Year (b)</u>	<u>Additions (c)</u>	<u>Retirements (d)</u>	<u>Balance End of Year (e)</u>	<u>Intrastate Percent (f)</u>	<u>Intrastate Portion (g)</u>
<u>Telephone Plant in Service:</u>							
201	Organization						
202	Franchises						
203	Patent rights						
211	Land						
212	Buildings						
221	Central office equipment						
231	Station apparatus						
232	Station connections						
234	Large private branch exchanges						
241	Foie lines						
242.1	Aerial Cable						
242.2	Underground cable						
242.3	Buried cable						
242.4	Submarine cable						
243	Aerial wire						
244	Underground conduit						
261	Furniture and office equipment						
264	Vehicles and other work equipment						
100.1	Total telephone plant in service						

North Central Telephone Cooperative, Inc.

Case No. 7909

KENTUCKY COMBINED OPERATIONS
ACCOUNT 642 - ADVERTISING
FOR THE TEST YEAR ENDING APRIL 30, 1980

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Sales</u> <u>Advertising</u> <u>(b)</u>	<u>Institutional</u> <u>Advertising</u> <u>(c)</u>	<u>Rate</u> <u>Case</u> <u>(d)</u>	<u>Total</u> <u>(e)</u>
1.	Newspapers and periodicals				
2.	Booklets and pamphlets				
3.	Bill inserts				
4.	Displays, exhibits, posters, and placards				
5.	Motion pictures				
6.	Radio				
7.	Television				
8.	Salaries and wages				
9.	Other advertising				
10.	Other expenses				
11.	Total				

North Central Telephone Cooperative, Inc.

Case Number 7909

KENTUCKY COMBINED OPERATIONS
SUMMARY OF ACCOUNT NO. 675 - OTHER EXPENSES
FOR THE TEST YEAR ENDING APRIL 30, 1980

<u>Line No.</u>	<u>Description (a)</u>	<u>Amount (b)</u>
1.	Valuations, inventories, and appraisals	
2.	Business Information System (BIS) expense	
3.	Purchase of employees service emblems	
4.	Membership fees and dues	
5.	Directors' fees and expenses	
6.	Printing Annual Report	
7.	FCC Filing and Grant Fees	
8.	Company apportioned amounts for various items	
9.	Other items (itemize)	
10.	-	
11.	-	
12.	Total	

North Central Telephone Cooperative, Inc.

COMMONWEALTH OF KENTUCKY

Case No. 7909

EMPLOYEE CONCESSION TELEPHONE SERVICE
TEST YEAR ENDING APRIL 30, 1980

	No. of People	Local		Toll	
		Main Stations	Other Services	Intrastate	Interstate
<u>Kentucky Revenue Loss</u>					
General Office Personnel (By percentage allowance)		\$	\$	\$	\$
Kentucky Operations (By percentage allowance)					
Affiliated Company Employees (By percentage allowance)					
Allowance Provided Employees Served by Other Telephone Companies					
Retired and Disabled Employees (By percentage allowance)					
Other					