

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

THE APPLICATION OF CINCINNATI )  
BELL INC., FOR AUTHORITY TO )  
ADJUST ITS RATES AND CHARGES ) CASE NO. 8641  
AND TO CHANGE ITS TARIFFS )

O R D E R

IT IS ORDERED that Cincinnati Bell Inc., shall file an original and five copies of the following information with the Commission, with a copy to all parties of record, by December 8, 1982. 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. Cincinnati Bell Inc., shall also furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested.

1. Capital structure at the end of each of the periods as shown in Format 1.

2. a. Provide a list of all outstanding issues of long term debt as of end of the latest calendar year and the end of the test period together with the related information as shown in Format 2a. A separate schedule is to be provided for each time period. Report in Column (k) of Format 2a, Schedule 2 the actual dollar amount of debt cost for the test year. Compute

the actual and annualized composite debt cost rates and report them in Column (j) of Format 2a, Schedule 2.

b. Provide an analysis of end of period short term debt and a calculation of the average and end of period cost rates as shown in Format 2b.

3. Provide a list of all outstanding issues of preferred stock as of end of the latest calendar year and the end of the test period as shown in Format 3. A separate schedule is to be provided for each time period. Report in Column (h) of Format 3, Schedule 2, the actual dollar amount of preferred stock cost accrued and/or paid during the test year. Compute the actual and annualized preferred stock cost rate and report the results in Column (h) of Format 3, Schedule 2.

4. a. Provide a listing of all issues of common stock in the primary market during the most recent 10 year period as shown in Format 4a.

b. Provide the common stock information on a quarterly and yearly basis for the most recent 5 calendar years available, and through the latest available quarter as shown in Format 4b.

c. Provide monthly market price figures for common stock for each month during the most recent 5 year period and for the months through the date the application is filed as shown in Format 4c. Provide a listing of all stock splits by date and type.

5. Provide a computation of fixed charge coverage ratios for the 10 most recent calendar years and for the test year as shown in Format 5.

6. What cost control programs or policies is Cincinnati Bell pursuing in an effort to control costs or increase its operating efficiency? What are the cost savings associated with these programs or policies?

7. With what companies is Cincinnati Bell negotiating its license contracts? What is Cincinnati Bell's current position with regard to the terms of such an agreement? What are the anticipated results of these negotiations? Provide the Commission with copies of any license contracts that Cincinnati Bell entered into as a result of the negotiations.

8. What impact will the implementation of the Consent Decree have on Cincinnati Bell's construction budget? How was this revised budget determined? What criteria is used in determining whether it is prudent to implement modernization and improvements simultaneously or in prolonged stages?

9. Provide a detailed explanation of the "elaborate procedures" Cincinnati Bell uses in purchasing equipment.

10. What was the amount of cost savings to the customers of Cincinnati Bell or the increase in revenues over expenses received by Cincinnati Bell as a result of Cincinnati Bell's expenditures for advertising? Provide the information for each class of Cincinnati Bell's advertising expenditures.

11. Who determines the marketing objectives to be achieved by Cincinnati Bell in its service area? How are the objectives determined? What are Cincinnati Bell's current and long range marketing objectives for its service area?

12. Quantify the material benefits to be received by the ratepayers of Cincinnati Bell. Shouldn't these expenses be the responsibility of the stockholders of Cincinnati Bell?

13. Describe the advertising for which the objective is decreased expenses. How much is Cincinnati Bell spending on this type of advertising? To what extent were expenses decreased in those areas to which the ads were directed?

14. What were the purposes of Cincinnati Bell's recent management reorganization? What is the effect on the ratepayers as a result of the reorganization?

15. Provide Cincinnati Bell's total productivity factors for the test period and the 5 years prior to the test period. The total productivity factors for the 5 years prior to the test period may be supplied on a calendar year basis.

16. Supply a copy of Cincinnati Bell's notice and/or application and prefiled testimony; transcripts from hearings and the Final Order of Public Utility Commission of Ohio in Cincinnati Bell's current case (PUCO Case No. 81-1338-TP-AIR).

17. For each of the eight (8) models presented in Exhibit Part 3 of I.L. Chang's testimony, provide:

a. a narrative description of why each of the independent variables is included in the model,

b. a list and narrative description of all other independent variables considered for use in each of the models,

c. all alternative model specifications considered by the company, and a narrative description and relevant statistical results indicating why the model was not used by the Company,

d. the correlation matrix for each of the models, and  
e. the correlogram and/or the autocorrelation function  
of the residuals for each of the models.

18. On page 49 of Exhibit Part 3 of I. L. Chang's testimony a table presents the data for Real Cincinnati SMSA Personal Income. Describe how this information was calculated.

19. Describe the method of interpolation used to derive monthly the Gross National Product values on page 62 of Exhibit Part 3 of I. L. Chang's testimony.

20. On pages 59 and 60 of Exhibit 3 of I. L. Chang's testimony the Consumer Price Index is constant from 1977:9 to 1981:5. Provide an explanation of why this occurs. Were these values used in the regression analysis?

21. On pages 11-12 of I.L. Chang's testimony, a discussion of the tracking of the demand repression and revenue curtailment that resulted from recent increases.

a. Provide all workpapers to support the demand repression and revenue curtailment calculations.

b. Provide the revenue curtailment and demand repression for residence and business services separately. Provide all workpapers.

22. Provide all workpapers used to develop the Exhibit Part 4 in R. L. Loesh's testimony. All assumptions used should be explicitly noted.

23. Provide copies of all information requests of the Public Utilities Commission of Ohio and the responses to those requests in PUCO Case No. 81-1338-TP-AIR.

24. a. Please identify those items for which the proposed increases in rates or charges were based on cost studies and the items for which the rates or charges were increased by 30%.

b. Provide any cost studies upon which the above increases are based that have not been previously filed .

c. Provide a list of cost studies previously filed upon which the above increases are based stating the Case No. where the studies are filed and the items to which each apply.

25. Provide cost justification for rates and charges proposed for any new equipment or service..

26. Provide details as to the methodology used in distributing the balance of the required revenue increase (referred to on page 6 of R. W. Stropes prefiled testimony) among the basic exchange service..

27. Explain Cincinnati Bell's proposed rate treatment of customers outside the CMSA area in this case. Provide a copy of all studies supporting the proposed rate treatment or rationale(s) used by Cincinnati Bell in arriving at the proposed.

Done at Frankfort, Kentucky, this 17th day of November, 1982.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

\_\_\_\_\_  
Secretary







Cincinnati Bell, Inc.

Case No. 81641

Comparative Capital Structure (Excluding JUTC)

For the Periods as Shown

"000 (unless)"

<u>Line No.</u>	<u>Type of Capital</u>	<u>Largest Available Quarter Amount</u>	<u>Ratio</u>
1.	Long Term Debt		
2.	Short Term Debt		
3.	Preferred & Preference Stock		
4.	Common Equity		
5.	Other (Itemize by Type)		
6.	Total Capitalization		

Instructions:

1. Provide a calculation of the average for year data as shown in Schedule 2 of this Form.
2. If the applicant is a member of an affiliated group, the above data is also to be provided for the parent company and the system consolidated.

Cincinnati Bell, Inc.

Case No. 8641

Calculation of Average Test Period Capital Structure  
12 Months Ended \_\_\_\_\_

"000 Omitted"

Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Preferred Stock (e)	Common Stock (f)	Retained Earnings (g)	Total Common Equity (h)
1. Balance beginning of test year							
2. 1st Month							
3. 2nd Month							
4. 3rd Month							
5. 4th Month							
6. 5th Month							
7. 6th Month							
8. 7th Month							
9. 8th Month							
0. 9th Month							
1. 10th Month							
2. 11th Month							
3. 12th Month							
4. Total (L1 through L13)							
5. Average balance (L14 + L13)							
6. Average capitalization ratios							
7. End-of-period capitalization ratios							

Instructions:

1. If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from the total company capital structure. Show the amount of common equity excluded.
2. Include premium on class of stock.

Cincinnati Bell, Inc.

Sheet 23  
Schedule 1

Case No. 8641

Schedule of Outstanding Long-Term Debt  
for the Calendar Year Ended December 31, 1961

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Original Interest Rate (e)	Cost At Issue (1)	Cost Rate to Maturity (8)	Original Maturity At Time of Issue (10)	Type of Obligation (11)	Annualized Cost Cal. (1) (12) (f)
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Total Long-Term Debt and Annualized Cost

Annualized Cost Rate (Total Col. (f) ÷ Total Col. (d))

- 1 Nominal Rate
- 2 Nominal Rate Plus Discount or Premium Amortization
- 3 Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- 4 Standard and Poor's, Moody, etc.

Cincinnati Bell, Inc.

Case No. 8641

Form 20  
Schedule 2

Schedule of Outstanding Long-Term Debt  
For the Test Year Ended \_\_\_\_\_

Line No.	Type of Debt Issued (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate (e)	Cost At Issue (f)	Cost to Maturity (g)	Redemption At Time of Issue (h)	Type of Obligation (i)	Amortized Cost (j)	Actual Test Year Interest Cost (k)
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Total Long Term Debt  
and Amortized Cost

Amortized Cost Rate (Total  
Col. (j) ÷ Total Col. (k))

Actual Long-Term Debt Cost  
Rate (Total Col. k ÷ Total  
of Form 1, Schedule 2)

- 1 Maturity Date
- 2 Maturity Date Plus Discount or Premium Amortization
- 3 Maturity Date Plus Discount or Premium Amortization and Issuance Cost
- 4 Standard and Poor's, Moody's, etc.
- 5 Sum of accrued interest amortization of discount or premium and issuance cost

Cincinnati Bell, Inc.

Case No. 8641

Long-Term Debt and Preferred Stock Cost Rates

<u>Annualized Cost Rate</u>	
<u>Long-Term Debt</u>	<u>Preferred Stock</u>

Parent Company:

Test Year

Latest Calendar year

System Consolidated:

Test Year

Latest Calendar year

**Instruction:**

1. This schedule is to be completed only by applicants that are members of an affiliated group.
2. Detailed workpapers showing calculation of the above cost rates are to be available on request.

Cincinnati Bell, Inc.

Form 2b

Case No. 8641

Schedule of Short-Term Debt  
For the Year Ended \_\_\_\_\_

Line No.	Type of Debt Instrument (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Nominal Interest Rate (e)	Effective Interest Rate (f)	Annualized Interest Cost Col. (d) x Col. (f) (g)
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Total Short-Term Debt

Amount Cost Rate (Total Col. (g) ÷ Total Col. (d))

Actual Interest Paid or Accrued on Short Term Debt during the Year (Report in Col. (g) of this schedule)

Average Short-Term Debt - Format 1 of Schedule 2 Line 13 Col. (d) (Report in Col. (g) of this schedule)

Year Year Interest Cost Rate (Actual Interest ÷ Average Short-Term Debt) (Report in Col. (f) of this schedule)

Instructions:

1. In all instances where the Effective Interest Cost Rate is different from the Nominal Interest Rate provide a calculation of the Effective Interest Cost Rate in sufficient detail to show the items of cause that cause the difference.

Cincinnati Bell, Inc.

Form 3  
Schedule 1

Case No. 8641

Schedule of Outstanding Shares of Preferred Stock  
For Calendar Year Ended

Line No.	Description of Issue (a)	Date of Issue (b)	Amount Sold (c)	Amount Outstanding (d)	Dividend Rate (e)	Cost Rate at Issue (f)	Annualized Cost Col. (f) x Col. (d)	Convertibility Feature (g)
	Total							
	Annualized Cost Rate (Total Col. (g) ÷ Total Col. (d))							

In Footnote:

1. If the applicant has issued no preferred stock, this schedule may be omitted.

Cincinnati Bell, Inc.

Case No. 8641

Schedule of Outstanding Shares of Preferred Stock  
For the Test Year Ended \_\_\_\_\_

Line Item	Description of Issue (a)	Date of Issue (b)	Amount Sold (c)	Amount Outstanding (d)	Dividend Rate (e)	Cost Rate at Issue (f)	Annualized Cost Col. (f) x Col. (d) (g)	Actual Test Year Cost (h)	Convertibility Features (i)
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Total

Annualized Cost Rate (Total  
Col. (g) ÷ Total Col. (d))

Actual Test Year Cost Rate (Total  
Col. (h) ÷ Total Reported in  
Col. (c); Line 15 of Form 1,  
Schedule 2)

1. If the applicant has issued no preferred stock, this schedule may be omitted.



Clarksant Mill, Inc.

Case No. 8641

Schedule of Common Stock Issues

For the 10 Year Period Ended \_\_\_\_\_

Form 4a

<u>Issue</u>	<u>DATE OF</u> <u>Announcement</u>	<u>Registration</u>	<u>Number</u> <u>of Shares</u> <u>Issued</u>	<u>Price Per</u> <u>Share to</u> <u>Public</u>	<u>Price Per</u> <u>Share (Net</u> <u>to Company)</u>	<u>Book Value</u> <u>Per Share at</u> <u>Date of Issue</u>	<u>Selling Exp.</u> <u>As % of Gross</u> <u>Issue Amount</u>	<u>Net</u> <u>Proceeds</u> <u>to Company</u>
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Instructions:

1. If applicable to a member of an affiliate group, provide in a separate schedule the above data for the parent company.

## Cincinnati Bell, Inc.

Case No. 8641Quarterly and Annual Common Stock Information  
For the Periods as Shown

<u>Period</u>	<u>Average No. of Shares Outstanding</u>	<u>Book Value</u>	<u>Earnings per Share</u>	<u>Dividend Rate Per Share</u>	<u>Return on Average Common Equity</u>
5th Calendar Year:					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Annual					
4th Calendar Year:					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Annual					
3rd Calendar Year:					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Annual					
2nd Calendar Year:					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Annual					
1st Calendar Year:					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Annual					

Latest Available Quarter

## Instructions:

1. Report annual returns only.
2. If applicant is a member of an affiliate group, provide in a separate schedule the above data for the parent company.

Cincinnati Bell, Inc.

Form 4C

Case No. 8641

Common Stock - Market Price Information

MONTH

January February March April May June July August September October November December

1st Year:  
Monthly High  
Monthly Low  
Monthly Closing Price

2nd Year:  
Monthly High  
Monthly Low  
Monthly Closing Price

3rd Year:  
Monthly High  
Monthly Low  
Monthly Closing Price

4th Year:  
Monthly High  
Monthly Low  
Monthly Closing Price

5th Year:  
Monthly High  
Monthly Low  
Monthly Closing Price

Months to Date of Filing:  
Monthly High  
Monthly Low  
Monthly Closing Price

Instructions:

1. Indicate all stock splits by date and type.
2. If applicant is a member of an affiliate group, provide in a separate schedule the above data for the parent company.

Cincinnati Bell, Inc.

Case No. 86-11

Form 5  
Page 1 of 2

Computation of Fixed Charge Coverage Ratios  
for the Periods as Shown

	10th Calendar Year	11th Calendar Year	12th Calendar Year	13th Calendar Year	14th Calendar Year
Bond or	Bond or	Bond or	Bond or	Bond or	Bond or
Mortg.	Mortg.	Mortg.	Mortg.	Mortg.	Mortg.
Indenture	Indenture	Indenture	Indenture	Indenture	Indenture
Acquire-	Acquire-	Acquire-	Acquire-	Acquire-	Acquire-
Method	Method	Method	Method	Method	Method
SEC	SEC	SEC	SEC	SEC	SEC

Net Income  
Additions:  
Less:

Total Additions  
Deductions:  
Less:

Total Deductions  
Income Available for  
Fixed Charge Coverage  
Fixed Charge  
Ratio

Cincinnati Bell, Inc.

Case No. 8641

Version 5  
Page 2 of 2

Computation of Fiscal Charge Coverage Ratios  
for the Periods as Shown

Item	5th Calendar Year	4th Calendar Year	3rd Calendar Year	2nd Calendar Year	1st Calendar Year	Test Year
Net Income						
Additions:						
Itemize						
	SEC	SEC	SEC	SEC	SEC	SEC
	Method	Method	Method	Method	Method	Method
	Based on	Based on	Based on	Based on	Based on	Based on
	Market	Market	Market	Market	Market	Market
	Industrie	Industrie	Industrie	Industrie	Industrie	Industrie
	Regulate-	Regulate-	Regulate-	Regulate-	Regulate-	Regulate-
	ment	ment	ment	ment	ment	ment

Total Additions  
Deductions:  
  Itemize

Total Deductions

Income Available for  
Fiscal Charge Coverage

Fiscal Charge

Fiscal Charge Coverage  
Ratio