

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF RATES)
OF SOUTH CENTRAL BELL TELEPHONE) CASE NO. 8847
COMPANY OF KENTUCKY)

O R D E R

IT IS ORDERED that South Central Bell Telephone Company of Kentucky shall file an original and 15 copies of the following information with the Commission by August 29, 1983. 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. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and Kentucky jurisdictional operations, separately. If neither the requested information nor a motion for an

extension of time is filed by the stated date, the case may be dismissed.

1. Provide the name or names, title, and job description of those employees at South Central Bell ("Bell" or "SCB") who have participated in coordinating the transition to the establishment of American Bell Inc.

2. Provide the name or names, titles, and job description of those employees at Bell who have participated in coordinating the transition to the reorganized Bell under the AT&T/Justice Department antitrust settlement.

3. As an ongoing request, please provide copies of any and all information, data, memoranda, correspondence, documents, Guideline Letters, General Letters, System Letters, Recommendation Letters, Strong Recommendation Letters, and other material or studies provided to Bell by AT&T or produced by Bell, since January 1, 1982, relating to the selection of assets which have been or will be transferred to American Bell Inc., now AT&T Informations Systems ("ATTIS"). This should include, but not be limited to, information relating to the selection and transfer of PhoneCenter stores.

4. As an ongoing request, please provide copies of any and all information, data, memoranda, correspondence, documents, Guideline Letters, General Letters, System Letters, Recommendation Letters, Strong Recommendation Letters, and other material or studies provided to Bell by AT&T or produced by Bell, since January 1, 1982, relating to the selection of personnel which have been or will be transferred to ABI or AT&T.

5. On January 21, 1983, AT&T submitted to the FCC a fourth supplement to the Capitalization Plan for American Bell, Inc. ("ABI"), now ATTIS, which detailed the adjusted net book value of embedded base assets to be transferred to ABI by jurisdiction. Attachment 1, page 20 of 53, contains an enumeration of the assets labeled "Stored Program Control Base," "Consumer Products," and "Electromechanical Base" proposed for transfer to ABI for the regulatory jurisdiction of Kentucky. Please provide a reconciliation of each line item appearing on Attachment 1, page 41, to Bell 231 and 234 accounts and sub-accounts. Provide an explanation of any disparity which exists between the value of Kentucky CPE assets identified in the AT&T capitalization plan with the value identified in Bell's books of account. Provide copies of any and all financial or other documents provided by Bell to AT&T in connection with AT&T's January 21, 1983, filing.

6. Please provide, by department, the out-of-pocket expenses incurred by Bell to date to establish the division between ATTIS and the remaining Bell regulated functions as well as any capital resources Bell may have already allocated as a result of Computer II planning. Separately indicate the total cost of producing the Bell response to the AT&T "1982 Restructuring Guidelines." Further, provide similar cost data to date for division between ATTIX and the remaining Bell. Also provide, by department, the total out-of-pocket expenses and capital costs that Bell expects to incur through the rate year ending December 31, 1983, in establishing the division between ATTIS and ATTIX and

Bell functions. Show division costs of ATTIS and ATTIX separately.

a. How has Bell accounted for the costs indicated in response to the previous information request?

b. What portion of these costs have been, or will be allocated to Kentucky intrastate operations?

7a. Are any of Bell's employees who are part of the "surplus force condition" referred to in the "1982 Restructuring Guidelines" currently being charged to Kentucky intrastate operations?

b. If so, indicate the total expense associated with wages paid to employees that are part of, or will be part of, the "surplus force condition" and also indicate that portion of the expense that is being allocated or will be allocated to Kentucky intrastate operations.

8. Identify the full extent of implementation of CI-II by budget category. In addition, please provide all workpapers, methodology, data, assumptions and other information relating to the development of the full effect of CI-II on SCB - Kentucky. This should include, but not be limited to, identification of employees (by department and management/non-management classification) and assets which have been transferred to ABI, now ATTIS, from Bell.

9. Identify the full effect of divestiture by FCC sub-account. Please provide all workpapers, methodology, data, assumptions and other information relating to the development of the effect of divestiture on SCB - Kentucky. This should include, but not be limited to a description and explanation of the

allocation procedures used to determine how much of each account will be retained by Bell and the allocation procedures to assign costs to the Kentucky intrastate jurisdiction by account. In addition, Bell should provide explicit divestiture retention ratio, along with the pre-divestiture and post-divestiture amounts for each account.

10. Specifically identify employees expected to be retained by Bell Kentucky - combined operations at January 1, 1984. Show the number of employees by FCC operating sub-account; the percentage used to arrive at the expensed portion; the overtime factors estimated (if a different expense/capital ratio is used for overtime hours, provide that ratio); total wages and salaries expected to be expensed broken down as follows:

- a. Wage and salary levels effective April 30, 1983.
- b. Wage and salary changes expected prior to January 1, 1984. (This should be updated when actual amounts are known.)
- c. Wage and salary changes expected in 1984.

Moreover, provide the same information requested above for payroll taxes and employee benefits shown separately. Show amounts to be expensed by FCC sub-account; separate for wage and salary levels effective April 30, 1983, prior to January 1, 1984, and during 1984.

11a. Provide the calculations of the total company net investment rate base and the Kentucky combined and intrastate net investment rate bases, consistent with the Commission's findings in its Order in Case No. 8467 entered October 13, 1982, for the

unadjusted and divested operations using the April 30, 1983, test year.

b. Specifically identify the "surplus deferred federal income taxes" unadjusted and divested using the April 30, 1983, test year for the total company and Kentucky combined and intra-state operations.

12. On page 19 of Mr. Ballard's testimony Kentucky intra-state capital "for 1984" is estimated to be \$844,150,000. Recalculate Kentucky intrastate capital using the same unadjusted versus divested April 30, 1983, procedures applied to all other accounts. Show all computations and separate amounts into long-term and short-term debt, equity and JDIC using requirements established in the Plan of Reorganization.

13. On Mr. Ballard's Exhibit 3, part 2, sheet 2 of 2, do the estimated revenues in columns Q and V reflect any estimated changes in demand for access lines or intra-LATA toll from the actual divested volumes using the test year ending April 30, 1983? (e.g., loss customers due to price changes and or bypass the effect of intra-LATA toll competition or WATS resale.) If yes, identify all estimated demand charges by category and provide all assumptions used to make these calculations.

14a. How many employees have been assigned to the CSO as of the present date? What is the projected number of employees as of January 1, 1984 if different than stated in Mr. Parrish's testimony.

b. Identify all estimated nonrecurring "start up" costs of the CSO and the Kentucky intrastate amount.

c. Provide a percentage breakdown of CSO employees by the following categories: (1) Bell Labs, (2) Western Electric, (3) rotational employees from the Regional Operating Companies and their Operating Company subsidiaries, and (4) AT&T General Department.

d. What percentage of AT&T General Department employees will be assigned to the CSO? Please provide a distribution of these employees by General Department division (e.g., State Regulatory Affairs.)

15a. How many employees have been assigned to the Regional Service Company ("RSC") as of the present date? What is the projected number of employees as of January 1, 1984?

b. Provide a percentage breakdown of RSC employees by Operating Company subsidiaries.

c. What is SCB's 1984 allocated share of RSC expenses? How is this share determined?

16a. Please identify separately by year, from 1977 through 1982, and by Budget Decision Package ("BDP") number, the costs incurred by the AT&T General Department relating to the following:

1. Installed Base Migration Strategy, or by whatever other name it is known.
2. Private Line Migration Strategy, or by whatever other name it is known.
3. Local Measured Service implementation.
4. Interexchange/Inter-LATA services.

5. Product development, marketing, sale of terminal equipment.

6. Product development, marketing, sale of enhanced services.

7. AMPS.

b. Indicate if any of these costs (by BDP number) have been excluded from License Contract billing to Bell.

c. Please provide the State of Kentucky and Kentucky intrastate allocated share of the costs identified in the response to part a. of this request.

d. Provide the BDP's identified in the response to part a. of this request.

17. Provide the estimated 1984 expenses of the new centralized service arrangements following divestiture and the Company's projected 1983 expenses under the existing agreements.

18. In presentations before the NARUC Subcommittee on Divestiture, Mr. Rocco J. Marano has referred to studies conducted on the CSO. Please provide a copy of this study and any executive summary, including all cost-benefit ratios, by project.

19. Provide the study supporting Mr. Parrish's Exhibit EWP-3 showing the intrastate replacement cost for CSO services to be \$24,460,000 and the CSO Kentucky intrastate expense to be \$5,514,000. All assumptions must be identified and explained.

20a. Similarly provide the studies supporting Mr. Parrish's Exhibits EWP-11 and 12 showing RSC and RHC expenses and costs for Bell to provide these functions. All assumptions must be identified and explained.

b. Identify all estimated nonrecurring "start-up" costs on the RSC and RHC and the Kentucky intrastate amount.

21. Yellow Pages:

a. Is it the Company's position that yellow pages revenues be treated "below the line?" If so, what is the basis for the Company's treatment of yellow pages? (rationale?)

b. How are yellow pages revenues and expenses treated in Mr. Ballard's Exhibit 3, part 2, sheet 2 of 2, columns Q and V? How does column Q compare to column A? Identify any difference.

c. Describe in detail the manner in which yellow pages earnings in the future would be transferred back to SCB - Kentucky.

22. Customer Premise Equipment ("CPE"):

a. Bell has stated that it will market new CPE in 1984 at the holding company level. Provide investment and earnings study projections for the next 5 years.

23. AMPS:

a. Bell has stated that it will provide cellular mobile telephone service in a subsidiary (AMPS) at the holding company level. Is it Bell's intention that this service and the income (loss) therefrom be "unregulated" or not reflected in the regulated books of account? If yes, explain this decision fully.

b. Provide investment and earnings study projections for the next 5 years for BellSouth Company, as a whole, and SCB total company and Kentucky operations. Include all marketing studies for AMPS.

c. Does Mr. Ballard's Exhibit 3, include any projected or actual costs of cellular mobile telephone service? If yes, identify those amounts?

24. Please provide a copy of Bell's contract with ATTIS to provide installation and maintenance support for new business CPE systems.

25. Does Bell contemplate the continuation of its furnishing installation, maintenance and billing services to ATTIS after January 1, 1984? If so, please indicate whether the Company anticipates any change in the existing arrangement between it and provide details of all such changes. Identify all revenues and expenses included in Mr. Ballard's Exhibit 3, part 2, sheet 2 of 2, columns Q and V related to installation, maintenance and billing by Bell for ATTIS (show each category separately). Supply projections of all revenues and expenses projected for the life of any anticipated contract, broken down by specific contract-type as referenced by column Q.

26. Identify, quantify and provide workpapers supporting all inter-entity payments, credits, transfers or other accounting entries between Bell and ATTIS or American Bell, Inc.

27a. Has Bell developed estimates of additional local telephone revenues it will receive from ATTIS, ATTIX and other divested units of AT&T which are currently furnished as "official" services? If so, please provide such estimates and all supporting workpapers.

b. Has Bell developed estimates of additional local telephone revenues it will receive from employees of these

to-be-divested entities who were previously or are currently furnished "concession" services at their residences? If so, please provide such estimates and all supporting workpapers.

28a. What is Bell's Kentucky intrastate net investment in billing facilities at April 30, 1983? If no billing is provided to other entities (interexchange carriers or terminal equipment vendors) what portion of the capacity of billing facilities at April 30, 1983, will be idle? What would the net effect of this decision be on earnings including all variable and other fixed expenses?

b. Identify all amounts related to billing services on Mr. Ballard's Exhibit 3 divested operations. Provide all details and assumptions used to quantify these estimates.

29. For each facility currently jointly used state the degree to which AT&T will lease the facility, the degree to which AT&T will discontinue use of the facility and the future need by Bell of the unused(?) AT&T capacity.

30. Provide a copy of the access tandem study initiated in May of 1982 and completed in January of 1983 regarding the installation of 13 digital switches in the Southeast region as referenced in the "Southeast Region's Response to the Court's May 17, 1983 Directives" filed with Judge Greene on May 31, 1983. Please include all assumptions.

31. In Missouri, Southwestern Bell has proposed that a "true-up proceeding" follow the final order issued in their rate case post-divestiture. What is Bell's position on the need for and wisdom of conducting a "true-up?"

32. What consideration has Bell given to establishing a "universal service fund" such as the one established in the Michigan Bell rate case wherein \$55,000 per year for the next 5 years will be available to study the issue? What is Bell's position on the need for and wisdom of establishing such a fund?

33. If Bell has conducted a study of by-pass in Kentucky, provide a copy of the study, including an executive summary, a complete narrative description of the study methodology and results, and data supporting study conclusions.

34. If Bell assumes intra-LATA competition in toll or any other service, provide the documentary basis for the assumption.

35. Identify all rate elements proposed for increase or modification in this proceeding which Bell contends to be competitive in nature. For each such rate element state:

a. The names and addresses of all vendors furnishing such competing service within the State of Kentucky.

b. The geographical locations within the State of Kentucky at which such service is available from each identified competing vendor.

c. The name(s) of the competing service(s).

d. The price charged by each vendor for each competing service.

e. Whether Bell contends the provision of such service requires the prior approval of the Kentucky Public Service Commission and whether to Bell's knowledge such vendors obtained such required approval.

f. For each vendor listed in response to part (a) of this request, identify whether the vendor is a reseller or an Other Common Carrier ("OCC").

g. For each service for which Bell claims there is competition, provide the market share possessed by Bell and by each of the competing vendors.

36. For each of the intrastate private line routes on which competing vendors provide private line service, state Bell's best estimate of, or actual data on, the number of intrastate circuits which the competing vendors have currently available for the provision of private line service. Indicate whether information provided reflects Bell's best estimate or actual data, and if a best estimate, explain the methodology utilized in making such estimate.

37. Has the Company developed any studies or data which examine the extent and impact of competition in the residential and business toll markets in Kentucky? If so, please provide copies of any and all such studies and data.

38. Please provide the estimated market shares in each of the intra-LATA toll routes, or in any group of routes for which estimates are available, for Bell and for each of the OCCs identified in response to request 1.

39. Provide maps and listings of all Bell LATA areas and all interexchange carrier Points of Presence known to Bell at this time. LATA area definitions should reflect the effect of the U.S. District Court's Orders of April 20, 1983, July 8, 1983, and August 5, 1983, in United States v. Western Electric, Civil

Action No. 82-0192 (D. D. C.). Also provide the Bell portion of the "Submission of BOC Determinations Concerning the Intra-LATA or Inter-LATA Character of Bell-Independent Traffic," filed February 17, 1983, in the court and case referred to herein.

40. Please provide the total average residential customer bill by rate group and by class of service. The bill should be broken down by the following service categories:

- a. Access.
- b. Local usage.
- c. Interstate toll.
- d. Intrastate toll.
- e. Supplemental services.
- f. Main stations, extensions, CPE

Specify the date for which this information is provided.

41. Please identify the number of households in Kentucky that have two or more access lines.

42. Has the Company conducted any exchange service cost study disaggregated by class of service? By rate group? If so, please provide copies of such studies.

43. Provide a complete 17-step exchange schedule and price-out of basic and related exchange service. Also, provide a proportional distribution of the number of business and residence flat rate and measured service access lines in each rate step.

44. Provide a complete 5-step exchange schedule -- i.e., including access line parameters -- and price-out of basic and related exchange service. Also, provide a proportional distribu-

tion of the number of business and residence flat rate and measured service access lines in each rate step.

45. Provide a complete 2-step exchange schedule -- i.e., including access line parameters -- and price-out of basic and related exchange service. Also, provide a proportional distribution of the number of business and residence flat rate and measured service access lines in each rate step.

46. Please provide the following for Bell's operating territory as a whole and by class of customer, for each of the years 1980, 1981, and if possible, 1982:

- a. The total number of local attempts;
- b. The total number of local messages (completed calls);
- c. The total number of Flat-Rate local messages;
- d. The total number of Message-Rate local messages;
- e. The average number of minutes per call;
- f. The distribution of calls per hour of the day or week.

Please also provide a summary of the methodology, and the source of the data, used to calculate each of the above.

47. Please provide the total number of main telephones by each class of service in Bell's operating territory for the years 1980, 1981, and if possible, 1982.

48. Please provide copies of all data and other information associated with the calculation of Access Line and Local Usage per Main and Equivalent Main per month. This should include, but not be limited to, the number of main and equivalent main telephones associated with the figures for residence and business

service, the total costs and revenues, and the classes of service included under residence and business.

49. Please provide copies of the results of any and all Bell cost studies for local exchange service which indicate the monthly cost of providing exchange access, the monthly cost of local exchange usage, the total monthly cost, and the total monthly revenue for any business and residence classes of service.

50. Please provide copies of all data and other information which demonstrate the incremental cost of local measured service. This should include, but not be limited to, a summary of all investments and operating expenses associated with local calls by element (set-up, minute, and distance), the methodology used to make these calculations, and the demand level assumptions associated with the study. Also indicate the unit costs associated with providing unmeasured (i.e., flat-rate) calls separately from that portion of the unit incremental cost of measured calls, such that the incremental cost of measuring each call element can be separately identified.

51. Please provide any and all studies of the set-up and conversation minute costs for flat-rate messages and for measured service messages.

52. Please provide a detailed summary of all the investments Bell has made to date to implement local measured service. This should include enhancements made to central offices, message recording and processing facilities, advancement of construction and any other investment costs incurred to enable Bell to intro-

duce this service. Also indicate how much additional investment Bell intends to make in each of the next five years to provide local measured service.

53. Has Bell developed any studies or data which compare the projected capacity needs associated with local measured service with capacity needs had Bell elected to retain a completely flat-rate local service pricing policy. If so, please provide copies of any and all such studies or data.

54a. Please provide a detailed summary of all the annual operating expenses Bell has incurred to date to implement local measured service. This should include employee training, business office, comptroller, operator services, maintenance, and depreciation expenses as well as any other expenses that would have been avoided had Bell elected to retain a completely flat-rate local service pricing policy.

b. Please provide a projection of the total annual operating expenses associated with local measured service for each of the next 5 years.

55. Please provide the following for Bell's operating territory for 1982:

a. The number of central offices by type of switching equipment;

b. The number and type of sensors, accumulators, or transmitters (Call Data Accumulator, Billing Data Transmitter, Call Data Transmitter, etc.) associated with each of the above types of central offices for the purpose of local and toll message recording and processing;

c. The number of Automatic Message Accounting Recording Centers ("AMARC") by type of equipment (1 or 1A.)

56. Please provide the total investment costs and the annual operating expenses for each of the following:

- a. 1 ESS, 1A ESS, 2 ESS, 2B ESS, and 3 ESS central offices;
- b. Call Data Accumulator, Billing Data Transmitter, Electronic Translator System, Call Data Transmitter and any other equipment used by the Company to collect local and toll message data from central offices;
- c. 1 and 1A Automatic Message Accounting and Recording Centers and any other equipment used to process local and toll message data in preparation for use by the revenue accounting office.

Please also provide all relevant portions of the AT&T Switching Cost Information System manual ("SCIS") covering the items of equipment listed in this request.

57. Identify the non-ESS switching equipment in-place in the State of Kentucky, by the following characteristics:

- a. Type of switching equipment.
- b. Age of switching equipment.
- c. Initial cost.
- d. Accumulated depreciation.

58. Identify the non-ESS switching equipment which has been retired over the past 5 years in Kentucky by the following characteristics:

- a. Type of switching equipment.
- b. Age of switching equipment.

c. Initial cost.

d. Accumulated depreciation.

59. What is the effect upon the busy hour call-capacity of an ESS central office attributable to the message recording and timing process? If this information was derived from a special study, please provide all studies and work papers which Bell used to determine this effect and a description of the methodology used. If this information was obtained from AT&T or some other source, please identify such source and provide copies of documents or studies relied upon.

60. Please provide copies of all studies performed by Bell which estimate the expected demand for local measured service. Included in this request are all studies which forecast demand for access lines, message units, repression of demand for other local exchange services, and repression of demand for message units.

61. Has Bell developed any studies or data which demonstrate the potential cost savings attributable to reduced usage levels resulting from customer movement to local measured service? If so, please provide copies of any and all such studies or data.

62. Provide copies of any and all studies in Bell's possession that disclose customer movement projections from flat-rate to measured service over the period 1981 to 1990. If this has been studied separately for each class of service (i.e., residential, business lines, business trunks, etc.), please provide such disaggregated data as is available.

63. Please provide copies of the complete results and all of the basic data from Bell's most recent jurisdictional Subscriber Line Usage System ("SLUS") Study.

64. Please provide copies of any and all studies conducted by Bell regarding the elasticity of demand for basic residential and basic business exchange access, and also for residential and business exchange usage. Has Bell undertaken, or does it have available to it, any demand elasticity studies which distinguish between the following rate elements: Nonrecurring install charges; Monthly access line charges; Local message charges? If so, please provide copies of any and all such studies.

65. Has Bell conducted any studies which develop a measure of the elasticity of demand with respect to the following: Number of calls; Length of calls; Calls during peak calling period? If so, please provide copies of any and all such studies.

66. Please provide copies of any and all customer attitude and/or market research studies conducted for or by, or available to, the Company regarding the potential level of customer acceptance of a local measured service plan.

67. Please provide a complete copy of the AT&T "Measured Service Implementation Guide," as transmitted to the Operating Companies on June 15, 1979, including section B.2. "Bell System Goal," C.5 "Marketing Business," and any and all additions, revisions, or reissues of the Measured Service Implementation Guide, whether under the same or a different title.

68. Please provide copies of any and all information, data, memoranda, correspondence, documents, Guidelines Letters, General

Letters, System Letters, Recommendation Letters, Strong Recommendation Letters, and other material provided by AT&T on the subject of local measured service and flat rate service. This should include all correspondence from the AT&T Measured Service implementation team.

69. Please provide a list of the members of the measured service implementation team for the State of Kentucky. In addition, provide minutes of the team meetings and copies of all materials reviewed, utilized, submitted, or held by any member of the implementation team.

70a. Please provide a list of all presentations, meetings, seminars, or conferences held by the BOCs or for the BOCs on the subject of basic exchange services, management, planning, or other topics relating to the provision of basic exchange services by the BOCs, from January 1, 1982, to the present.

b. Please provide a list of those in attendance at the meetings, seminars, or conferences listed in response to part a. or this request.

c. Please provide a copy of all slides, visual materials, handouts, documents, and any other materials utilized in the meetings, seminars, or conferences listed in response to part a. of this request.

71. Please provide a copy of any AT&T, BOC, or Bell basic exchange service plan, planning documents, strategic guidelines, or manuals relating to basic exchange service planning, prepared after January 1, 1982, to the present.

72. Please provide copies of all drafts and status reports prepared by Bell in conjunction with any of the basic exchange planning documents provided in response to the previous request.

73. As an ongoing request, please provide each issue of any circular, periodic memo or report on the subject of measured service for the period commencing January 1, 1982, to the present circulated among the BOCs or from AT&T to the BOCs.

74. For the following Bell System programs, describe the manner in which such programs can be/are used. Please state whether any of the programs listed below have been used by Bell. If yes, please provide the results of the program applications. In addition, for all programs listed below, please provide copies of the summary, methodology, guidelines, data resources utilized, and all documents and workpapers relating to the programs:

- a. SLUS II.
- b. BMAP.
- c. RAPUD.
- d. BERPM.
- e. REVS.
- f. MUSIC.
- g. EEM.
- h. ECEMS.
- i. LADS.
- j. BESMIS.
- k. TELSAM.
- l. CUCRIT.

75. Please provide copies of all local measured service development reports for the period commencing January 1, 1981, to the present.

76. Please describe the activities which are/will be performed by the Central Staff Organization relating to basic exchange services. In addition, please identify whether any materials provided in response to previous requests were produced by the CSO.

77. Provide an analysis of measured service subscribers and revenue data as shown in Format No. 1, disaggregated by category of measured service, if possible. The data should include total subscriber and revenue information since the introduction of measured service and estimated information through 1985.

Format No. 1
Measured Service Subscriber
and Revenue Data

	<u>Measured Service Subscribers</u>	<u>Measured Service Revenue</u>	<u>Comparable Flat Rate Revenue</u>	<u>Revenue Difference</u>
Total through April 30, 1983				
1983				
1984				
1985				
Total 1983 - 1985				

78. Provide an analysis of measured service investment and cost data as shown in Format No. 2, disaggregated by category of measured service, if possible. The data should show total

investment and cost information since the introduction of measured service and estimated information through 1985.

Format No. 2
Measured Service Investment
and Cost Data

	<u>Total Investment</u>	<u>Annual Operating Cost</u>	<u>Annual Capital Cost</u>	<u>Annual Nonrecurring Cost</u>
Total through April 30, 1983				
1983				
1984				
1985				
Total 1983 - 1985				

79. Provide a cost study for each service charge element in the GSST, A4, Service Charges, not already provided.

80. Provide the average business and residence service charge billed during the year for connecting service.

81. Provide a cost study for each rate element in the GSST, A6, Directory Listings.

82. Provide a cost study for each rate element in the GSST, A8, Telephone Answering Service.

83. Provide a cost study for each rate element in the GSST, A9, Foreign Exchange Service.

84. Provide a cost study for each rate element in the GSST, A13, Miscellaneous Service Arrangements.

85. Provide a cost study for each rate element in the GSST, A14, Auxiliary Equipment, not already provided.

86. Provide a cost study or other available documentation to support reductions in the GSST, A18, Long Distance Message Telecommunications Service.

87. Provide a tariff and price-out of GSST, A19, Wide Area Telecommunications Service, using the existing rate structure.

88. Provide a cost study or other available documentation to support reductions in the GSST, A19, Wide Area Telecommunications Service.

89. Provide a cost study for each rate element in the GSST, A100, Obsolete Service Offerings.

90. Provide cost studies or other available documentation to support adjustments in the PLST, C3, Channels.

91. Provide a cost study for each rate element in the PLST, C4, Equipment.

92. Provide a cost study for each rate element in the PLST, C5, Obsolete Service Offerings.

93. Provide a cost study for each rate element in the DDST, E3, Rates and Charges.

94. Please provide all workpapers and documents which show how the costs of any computerized testing, maintenance or inventory systems were included in any non-recurring cost studies, such as those for proposed time and material charges. Please also identify how the cost savings associated with any such systems were included in the cost studies.

95. Please provide a summary of the results of the time estimates developed for the non-recurring studies and all documents which support the development of these time estimates.

Please provide a copy of all questionnaires or forms which were used in the data collection process along with the responses to these questionnaires or forms.

96. Please provide all workpapers, not heretofore provided by the Company, that were used to develop the labor rates employed in the non-recurring cost studies. Also, please provide the following information regarding the development of the labor rates:

a. Copies of the functional accounting reports used to develop wages and hours;

b. All documentation and summaries which explain how data entries are made to the functional accounting reports, and how individual activities are determined to be productive or non-productive time. Identify which activities are considered to be productive and which are non-productive.

c. Please identify the job functions of all supervisory personnel whose costs were included in the labor rates. Specify what proportion of their time is apportioned to each of these job functions and how these different job functions are assigned to the functional accounting reports.

97. Were the non-recurring cost estimates used in preparing Bell's proposals prepared for the same work functions, and other non-recurring cost elements by either using Panel of Estimators or by application of the Product Data System ("PDS"). If yes, provide a list of the cost results obtained under each method for each non-recurring cost element. If no, provide a list of the unadjusted results of each method for each cost category to which

the particular method was applied and describe in detail how the decision whether to use the Panel method or the PDS data base was selected and what personnel were responsible for the decision.

As used herein, the phrase "Panel of Estimators" should be interpreted to include the NRC cost development process that is also referred to as "Task-Oriented Costing."

98. Provide the number of different Panels of Estimators that may have been used for each single cost function including in any non-recurring (e.g., wire maintenance, time and material, etc.) cost study.

99. Provide a detailed description of the Product Data System, including each element or output thereof that was utilized in any manner in the calculation of non-recurring costs (and, if appropriate, any recurring costs). Please also describe the relationship between the PDS and the "Functional Accounting System" that is now being implemented by Bell.

100. Provide all studies and associated workpapers, detailing how the non-recurring costs were derived and rates developed:

a. Provide a description of assumptions made in these studies, including the planning period, the inflation rate assumed, and period of time covering wage rates which were used for each category.

b. Describe whether any analysis was made of the labor effort and other costs incurred for service disconnection, and, if so, provide any such analysis or studies, and detail all assumptions made therein.

101. Please provide the distribution of total statewide company subscriber loops in use by class of service (e.g., residence basic exchange, single line business basic exchange, multiline business basic exchange, PBX trunks, Centrex-CO lines, intrastate private line). Specify the date for which this information is provided.

102. Please provide the total inward and outward movement per year for each service class of loops cited in the previous request for each of the years 1977 - 1982, or if such data is not available, for any available recent time period.

103. Please provide loop fill factors, by rate group, for each service class of loops referenced in the previous request for each of the years 1977 - 1982, or if such data is not available, for any recent time period.

104. Provide a copy of Bell's most recent Embedded Direct Analysis. This item should include an executive summary and all supporting information necessary to analyze, evaluate, and draw conclusions from the EDA.

105. Provide any necessary MTS and WATS tariff and price-out adjustments resulting from the U.S. District Court's approval of Ashland's association with the Winchester LATA on August 5, 1983.

Done at Frankfort, Kentucky, this 12th day of August, 1983.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary