

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF GENERAL TELEPHONE )  
COMPANY OF KENTUCKY FOR APPROVAL )  
OF THE LEASE OF CERTAIN PROPERTY ) CASE NO. 8998  
TO AT&T COMMUNICATIONS OF THE )  
SOUTH CENTRAL STATES, INC. )

O R D E R

IT IS ORDERED that General Telephone Company of Kentucky ("General") shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by May 21, 1984. If neither the requested information nor an extension of time is filed by the stated date the case may be dismissed.

To ATTCOM:

1. Why does ATTCOM need to lease these facilities?
2. a. Can they be currently utilized 100 percent to provide interstate or intrastate, inter-lata service only?
  - b. If not, what percent of the facilities can be used for that purpose currently?
  - c. Over what span of time would ATTCOM expect to reach full utilization for that purpose?
3. What impact will the execution of this lease have upon ATTCOM's costs and/or profitability?

To General:

1. Provide the net original cost of the equipment proposed to be leased to ATTCOM by major equipment category.

2. a. Provide a map showing interexchange facilities leased and those not included in the proposed lease.

b. What use will General make of any nonleased interexchange facilities it retains currently?

3. a. Has General quantified its current operating revenues and expenses associated with the facilities to be leased?

b. To what extent has this information been quantified?

c. Provide the results of this quantification and/or analysis, explaining all assumptions made.

d. If the answer to 3a is no, explain why no quantification or analysis has been prepared and how General otherwise determined whether the proposed lease arrangement adequately compensates for the use of General's facilities and maintenance thereof.

4. a. Has General quantified its projected operating revenues and expenses associated with the facilities to be leased?

b. To what extent has this information been quantified?

c. Provide the results of this quantification and/or analysis, explaining all assumptions made.

d. If the answer to 3a is no, explain why no quantification or analysis has been prepared and how General otherwise determined whether the proposed lease arrangement

adequately compensates for the use of General's facilities and maintenance thereof.

5. In response to question 11 in the March 28, 1984, information request, General indicated that the Campbellsville lease can be terminated on June 1, 1984. Is this an exception to the transition lease agreement, paragraph 1.2? Explain.

6. Provide a comparison of the various options described in response to question 7 in the March 28, 1984, information request, quantifying the inputs and results of any analysis as requested in questions 3c and 4c.

7. In response to question 8 in the March 28, 1984, information request, General indicated that the proposed lease would result in a higher rate of return than that achieved through Division of Revenues and that this should reduce General's local revenue requirements. Provide an estimate of the expected reduction, explaining all assumptions.

8. The transition lease agreement paragraph 4.2 and 4.5 provides for a split between interstate and intrastate portions.

a. How was that split determined?

b. Do the "messages services" and "private line" categories referred to in paragraph 4.2 track separations categories?

9. Paragraph 4.6 of the transition lease agreement refers to current Lease Price Cost Studies.

a. What are these studies?

b. Were they used in determining the payment under the lease? Explain.

- c. Provide a copy of the most up to date study.
- d. Have the "revised" least price cost studies been completed?
- e. If the answer to 9d is no, when does General expect to complete them?
10. How are the class 4 portions of the switches listed in previous provided information determined?
11. How is the inter-lata capacities of toll routes that ATTCOM will lease determined? Is it a discrete number of trunks of channels?

Done at Frankfort, Kentucky, this 14th day of May, 1984.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary