

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF CONTINENTAL)
TELEPHONE COMPANY OF)
KENTUCKY OF AN ADJUSTMENT)
IN ITS RATES)

CASE NO. 9011

O R D E R

IT IS ORDERED that Continental Telephone Company of Kentucky ("CT") shall file an original and six copies of the following information with the Commission by July 11, 1984. Each copy of the information should be placed in a bound volume with each item tabbed. When a number of pages are required for an item, each item should be indexed, for example, Item 1, Page 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information. Careful attention should be given to copied material to insure that it is legible. Where information has already been provided, reference may be made to the location of the information in the record of the case. 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 a test period billing analysis by tariff section of all rates and charges that Continental does not propose to increase.

2. Provide any available cost information to support rate adjustments to:

- a) local exchange service
- b) directory listings
- c) mileage charges
- d) foreign exchange service
- e) miscellaneous service arrangements and auxiliary equipment
- f) Obsolete service offerings

3. For each rate group, provide the total average residence and business individual line bill, disaggregated to show access, toll, mileage, and other billing elements.

4. At Mr. Oberdorfer's Schedule 3, Item 2, Page 1 of 7, and Schedule 3, Item 4:

a) What portion of the terminal equipment adjustment occurred prior to the end of the test period and what portion is trended forward from the end of the test period.

b) Explain why any adjustment should be made to the income statement for terminal equipment attrition when any such attrition occurring during the test period would be reflected in the billing analysis (Oberdorfer, Schedule 5).

c) Detail expense reductions due to terminal equipment attrition.

5. At Mr. Oberdorfer's Schedule 3, Item 1, and Schedule 3, Item 5:

a) Disaggregate toll revenue to separately state MTS/WATS, private line, foreign exchange, and other toll revenue.

b) Disaggregate the adjustment to toll revenue to separately state adjustment amounts related to MTS/WATS, private line, and other toll revenue.

c) All rate adjustments to private line services authorized in Case No. 8847, Notice of South Central Bell Telephone Company of an Adjustment in its Intrastate Rates and Charges, reflected in the adjustment to toll revenue? Explain.

d) Are rate adjustments to foreign exchange service authorized in Case No. 8848 reflected in the adjustment to toll service revenue? Explain.

6. Has Continental adjusted the accumulated depreciation account to reflect the pro forma adjustment made to depreciation expense? If so, indicate the location of the adjustment.

7. Why was the interstate portion of the official toll expense included in calculating the increase to other operating expenses? What part of the \$218,363 adjustment is applicable to the interstate portion?

8. In response to the Commission's data request of June 1, 1984, Item 1c, Continental stated that it does not expect the CABS expense recorded during the test period to recur at that level. At what level does Continental expect this expense to recur? Provide a narrative explanation and work papers showing how this level of expense was developed.

9. Does Continental have anyone on its employment roster who performs any of the duties supplied by affiliated companies? If so, identify the area in which employed and current salary.

Explain the necessity of having such positions at Continental Telephone Company of Kentucky.

10. What steps has Continental taken to assure itself that the cost of the services provided by the affiliated companies are reasonable and are provided at the lowest possible cost?

11. Please provide the discounted cash flow study results for all central offices replaced or to be replaced in 1983, 1984, and 1985. These should include the cash flows by year for each year of the study and for each alternative considered. Retaining the existing central for the length of the study should be among the alternatives considered. The discounted payback period for retaining the existing central office compared to the recommended plan should be included. Include all assumptions made and a breakdown of cash flows by type for each year for each of the alternatives.

Done at Frankfort, Kentucky, this 27th day of June, 1984.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary