### COMMONWEALTH OF RENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF RATES OF )
CONTINENTAL TELEPHONE COMPANY ) CASE NO. 9230
OF KENTUCKY

#### ORDER

IS ORDERED that Continental Telephone Company of Rentucky shall file an original and 15 copies of the following information with the Commission with a copy to all parties of record within 3 weeks of the date of this Order. 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 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. 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 the 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 the 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. a. A schedule of the present and proposed rates, charges, terms and conditions, and service rates and regulations which the applicant seeks to change, shown in comparative form.
- b. A detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present and proposed rates can be readily determined.
- c. A schedule of test year revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.
- d. A schedule setting forth the effect upon average consumer bills.
- e. A statement setting forth estimates of the effect that the new rate or rates will have upon the revenues of the utility, the total amount of money resulting from the increase or decrease and the percentage increase or decrease.

- exchange access, private line, toll, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each category. This schedule is to be accompanied by a statement which explains in detail the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective service categories.
- g. A schedule showing how the increase or decrease in (f) above was further distributed to each rate charge (i.e., exchange access, private line, toll, etc.). This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the increase or decrease.
- h. A statement showing by cross-outs and italicized inserts all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. Copy of current tariff may be used. Item 6 should be provided where not previously included in the record.
- 7. In comparative form, a total company income statement, a statement of changes in financial position, and a balance sheet for the test year and the 12-month period immediately preceding the test year. (On the total company income statement show net income.)
- 8. A trial balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title, and amount. Provide this information on a total company and Kentucky jurisdictional basis.

Show the balance in each control and all underlying subaccounts per company books.

- 9. The balance in each current asset and each current liability account and subaccount included in the applicant's chart of accounts by months for the test year. Additionally show total current assets, total current liabilities and the net current position by months, annually, and the 13-month average for the test year. Provide a reconciliation of current assets, current liabilities and net current position provided in response to the above with the current assets and current liabilities as shown on the balance sheet for each month of the test year. If any amounts were allocated, provide a calculation of the factor used to allocate each amount.
- 10. List each general office account (asset, reserve, and expense accounts) covering the twelve months of the test year applicable to more than one jurisdiction or utility operation. If any amounts were allocated show a calculation of the factor used to allocate each amount.
- 11. The following monthly account balances and a calculation of the average (thirteen month) account balances for the test year for the total company and Kentucky jurisdictional operations:
  - a. Plant in service (Account, 101.1)
  - b. Plant purchased or sold (Account 277)
  - c. Property held for future use (Account 100.3)
  - d. Construction work in progress (Account 100.2) (Separate this balance into CWIP eligible for capitalized interest and other CWIP)

- e. Completed construction not classified
- f. Depreciation reserve (Account 171)
- g. Plant acquisition adjustment (Account 100.4)
- h. Amortization of utility plant acquisition adjustment (Account 172)
- Materials and supplies (include all accounts and subaccounts (Account 122)
- j. Balance in accounts payable applicable to each account in i above. (If actual is indeterminable, give reasonable estimate.)
- k. Unamortized investment credit Pre-Revenue Act of 1971
- 1. Unamortized investment credit Revenue Act of 1971
- m. Accumulated deferred income taxes
- n. A summary of customer deposits as shown in Format lln to this request
- Balance in accounts payable applicable to amounts included in utility plant in service. (If actual is indeterminable, give reasonable estimate.)
- p. Balance in accounts payable applicable to amounts included in plant under construction. (If actual is indeterminable, give reasonable estimate.)
- 12. The dollar amount of employee concession telephone service for the 12 months of the test year as shown in Format 12 attached.
- 13. Provide the following information for each item of property held for future use at the end of the test year:
  - a. Description of property
  - b. Location
  - Date purchased
  - d. Cost
  - e. Estimated date to be placed in service

- f. Brief description of intended use
- g. Current status of each project
- 14. Schedules in comparative form showing by months for the test year and the year preceding the test year the total company balance in each plant and reserve account or subaccount and included in the applicant's chart of accounts as shown in Format 14.
- 15. Provide the journal entries relating to the purchase or sale of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since the inception of the Company. Also, a schedule showing the calculation of the acquisition adjustment at the date of purchase of each item of utility plant, the amortization period, and the unamortized balance at the end of the test year.
- 16. The detailed workpapers 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 in detail all components used in each calculation including the methodology employed and all assumptions applied in the derivation of each adjustment. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.
- 17. A schedule showing a comparison of the balance in the total company and Kentucky jurisdictional revenue accounts for each month of the test year to the same month of the preceding

year for each revenue account or subaccount included in the applicant's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the month the full increase was recorded in the accounts. See Format 14.

- 18. a. A schedule showing a comparison of the balance in the total company and Kentucky jurisdictional operating expense accounts for each month of the test year to the same month of the preceding year for each account or subaccount included in the applicant's chart of accounts. See Format 14.
- b. A schedule in comparative form showing the total company and Kentucky jurisdictional operating expense account balance for the test year and each of the 5 years preceding the test year for each account or subaccount included in the applicant's annual report. (FCC Form No. M, Schedule 35). Show the percentage of increase of each year over the prior year.
- c. A schedule of total company and Kentucky jurisdictional salaries and wages for the test year and each of the five calendar years preceding the test year in the format as shown in Format 18c to this request. Show for each time period the amount of overtime pay.
- d. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the five preceding years.
- 19. Provide the amount of excess deferred federal income taxes resulting from the reduction in the corporate tax rate from 48 percent to 46 percent in 1979, as of the end of the test year.

- 20. The following tax data for the test year for total company and Kentucky jurisdictional operations.
  - a. Income taxes:
    - (1) Federal operating income taxes deferred accelerated tax depreciation
    - (2) Federal operating income taxes deferred other (explain)
    - (3) Federal income taxes operating
    - (4) Income Credits resulting from prior deferrals of Federal income taxes
    - (5) Investment tax credit net
      - (i) Investment credit realized
      - (ii) Investment credit amortized Pre-Revenue Act of 1971
      - (iii) Investment credit amortized Revenue Act of 1971
    - (6) Provide the information in 20a (1) through 20a (4) for state income taxes
    - (7) Reconciliation of book to taxable income as shown in format 20a (7) and a calculation of the book Federal and State income tax expense for the test year using book taxable income as the starting point
    - (8) A copy of Federal and state income tax returns for the taxable year ended during the test year including supporting schedules
    - (9) Schedule of franchise fees paid to cities, towns or municipalities during the test year including the basis of these fees
  - b. An analysis of Kentucky other operating taxes in the format as shown in attached Format 20b.
  - 21. A schedule of total company and Kentucky jurisdictional net operating income per average access line (See Format 22, Schedule 2) per company books for the test year and the 5 calendar

years preceding the test year. This data should be provided as shown in Format 21 attached.

- 22. The comparative operating statistics as shown in Format 22 attached.
- 23. A schedule of total company and Kentucky jurisdictional average plant in service per access line by account per company books for the test year and the 5 calendar years preceding the test year. This data should be provided as shown in Format 23 to this request.
- 24. A statement of plant in service per company books for the test year. This data should be presented as shown in Format 24 to this request.
- 25. Provide the following information. If any amounts were allocated, show a calculation of the factor used to allocate each amount.
- a. A detailed analysis of all charges booked during the test period for advertising expenditures. This analysis should include a complete breakdown of Account 642 Advertising as shown in format 25a attached and further should show any other advertising expenditures included in any other expense accounts. The analysis should be specific as to the purpose of the expenditure and the expected benefit to be derived. Expenses allocated from either the parent company or from affiliated companies should so be identified.
- b. An analysis of Account 675 Other Expenses for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 25b and further provide

all detailed working papers supporting this analysis. 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. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 25b attached.

- Charges for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 25c, and further provide all detailed working papers supporting this analysis. 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. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 25c attached.
- 26. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 26, and all working papers supporting the analysis. At minimum, the working papers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the service provided.
- 27. A detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Account 323. This analysis should indicate the amount of the expenditure, the recipient of the contribution and the specific account charged. If amounts are allocated show a

calculation of the factor used to allocate each amount and its

- 28. Provide a statement describing the applicant's lobbying activities and a schedule showing the name of the individual, his salary, the organizations or trade associations involved in and all company-paid or reimbursed expenses or allowances and the account charged for all personnel for whom a principal function is that of lobbying, on the local, state, or national level. If any amounts are allocated, show a calculation of the factor used to allocate each amount.
- 29. Provide the following information with regard to uncollectible accounts for the test year and 5 preceding calendar years (taxable year acceptable) for 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
- 30. Provide a detailed analysis of the retained earnings account for the test period and the 12 month period immediately preceding the test period.
- 31. a. A listing of non-utility property and property taxes and accounts where amounts are recorded.
- b. A schedule for all non-utility property giving a description, the date purchased and the cost.

- 32. Rates of return in Format 32 attached.
- 33. Employee data in Format 33 attached.
- 34. A calculation of the rate or rates used to capitalize interest during construction for the test year and the 3 preceding calendar years. Provide a narrative explanation of each component entering into the calculation of this rate.
- 35. The information as soon as it is known, which would have a material effect on net operating income, rate base, and cost of capital which occurred after the test year and was not incorporated in the filed testimony and exhibits.
- 36. A detailed monthly income statement for each month after the test period including the month in which the hearing ends, as they become available.
- 37. Provide the names and mailing addresses of each of the applicant's directors.
- 38. Provide all current labor contracts and the most recent contracts previously in effect.
- 39. A schedule showing the test year and the year preceding the test year with each year shown separately the following information regarding the applicant's investments in subsidiaries and joint ventures:
  - (1) Name of subsidiary or joint venture
  - (2) Date of initial investment
  - (3) Amount and type of investment made for each of the 2 years included in this report.
  - (4) Balance sheet and income statement for the test year and the year preceding the test year. Where only internal statements are prepared, furnish copies of these.

- (5) Show on a separate schedule all dividends or income of any type received by applicant from its subsidiaries or joint ventures for each of the 2 year report periods and indicate how this income is reflected in the reports filed with the Commission and the stockholder reports.
- (6) Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Also, indicate the position each officer holds with the applicant and the compensation received from the applicant.
- 40. Additional data relating to affiliated or parent company(s).
- a. Consolidated parent and subsidiaries balance sheet, income statement, and statement of changes in financial position for the test year and the last two calendar years.
- b. Schedule showing balance sheet, income statement, and retained earnings adjusting entries for Kentucky subsidiary in its consolidation with the parent company and affiliated companies.
- c. Schedule of company's home office and/or inter-company charges; monthly for the test year and yearly for the last 2 calendar years. State the type of goods or services provided (i.e., supplies capitalized, data service, management services, etc.). The amount by type from each billing unit and the method used in billing (i.e., direct or allocated) and basis for allocating common charges.
- d. Schedule of federal income tax reductions due to filing a consolidated parent tax return for the last 2 taxable

years. Show source and type of reduction, and method and basis of allocating to companies and states.

- 41. The most recently available Embedded Direct Analysis.
- 42. a. Explanation of the settlement contract or method used with South Central Bell and any other telephone companies to arrive at applicant's Kentucky intrastate test period toll revenues. (Provide the traffic agreement presently in use for settlement purposes.)
- b. Explanation with copies of appropriate supporting material, of the separation procedures used to arrive at the test period Kentucky intrastate portions of revenues, investment, expenses, taxes, reserves and any other items applicable to the case. Include discussions on cost studies which were used and periods for which studies were made.
- c. A breakdown by dollar amounts of the Kentucky intrastate toll revenues for the test period into their major class of toll service-message toll including WATS, private line, foreign exchange, and any other items contributing to the intrastate toll revenues. Include all intrastate toll revenues whether received through settlements or otherwise.
- 43. a. 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 future settlement adjustments.

b. 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.

- c. Written explanations 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.
- d. Written explanation of all pro forma adjustments made to normalize the test period intrastate toll revenues such as those caused by settlement contract changes and separation procedure changes that may effect such items as the intrastate toll rate of return used in computing toll settlements for actual cost and division of revenues companies.
- e. Any other information the applicant deems necessary to explain the debits and credits to its toll revenues in order to normalize its intrastate toll revenues for the test period.
- 44. Provide definitive studies showing that each of the major services provided to Continental by its service corporation are on a cost effective basis.

Done at Frankfort, Kentucky, this 20th day of December, 1984.

PUBLIC SERVICE COMMISSION

ATTEST:

Por the Commission

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Format 1 Schedule 1 Page 1 of 5

#### COMPANY NAME

Case No. 9230

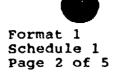
#### Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

Line No.	Type of Capital	10th Year Amount Ratio	9th Year Amount Ratio	8th Year Amount Ratio		
1.	Long Term Debt					
2.	Short Term Debt					
3.	Preferred & Preference Stock					
4.	Common Equity					
્ર <sub>5</sub> .	Other (Itemize by 1	Type)				

Total Capitalization



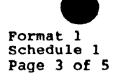
Case No. 9230

### Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

Line		<u>/th Year</u>	<u> 6th Year</u>	<u> 5th Year</u>
No.	Type of Capital	Amount Ratio	Amount Ratio	Amount Ratio
1.	Long Term Debt			
: \$ <b>2.</b> { <b>%</b>	Short Term Debt			
2. 3.	Preferred & Prefer	rence		
	Stock			
4.	Common Equity			
	·			
5.	Other (Itemize by	Type)		
5.	Total Capitaliza	tion		
. •	total capitaliza			



Case No. 9230

Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

Line		4th Year	3rd Year	2nd Year
No.	Type of Capital	Amount Ratio	Amount Ratio	Amount Ratio
1.	Long Term Debt			
2.	Short Term Debt			
3.	Preferred & Preferstock	rence		
4.	Common Equity			
5.	Other (Itemize by	Type)		
6.	Total Canitalizat	tion		

Format 1 Schedule 1 Page 4 of 5

#### COMPANY NAME

Case No. 9230

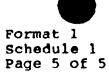
Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

Line No.	Type of Capital	1st Year Amount Ratio	Test Year Amount Ratio	Average Test Year Amount Ratio
1.	Long Term Debt			
2.	Short Term Debt			
-	Preferred & Prefere Stock	nce		
4.	Common Equity			
5.	Other (Itemize by T	ype)		

Total Capitalization



Case No. 9230

Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

## Line No. Type of Capital

Latest Available Quarter
Amount Ratio

- 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 test year data as shown in Format 1, Schedule 2.
- 2. If the applicant is a member of an affiliated group, the above data is to be provided for the parent company and the system consolidated.

Schedule 2 Pormat 1

Case No. 9230

Calculation of Average Test Period Capital Structure 12 Months Ended

"000 omitted"

Line No.
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)

- Balance beginning of test year
- 1st Montin
- 27d Month
- 弘 3th Month Month
- 5th Month Month
- 7th Month
- 12.110.00 8th Month 9th Month
- 11th Month 10th Month
- 12th Month
- Total (L1 through L13)

14.

- 15. Average balance (L14 + 13)
- 16. Average capitalization ratios
- 17. End-of-period capitalization ratios

- Instructions: 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.
- Ņ Include premium on class of stock.

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Schedule 1 Format 2a

Case No. 9230

Schedule of Outstanding Long-Term Debt For the Calendar Year Ended December 31,\_\_\_\_

(b) Date of Amount I
Maturity Outstanding
(c) (d) Date Interest Rate (e) uodno At Issue 2 Coat

Rate to Ost

At Time of Cost

of Issue Obligation Col.(d)xCol.(g)

₹ Line

Type of Debt Issue

Total Long-Term Debt and Annualized Cost

Annualized Cost Rate [Total Col. (j) + Total Col.(d)]

Nominal Rate

Nominal Rate Plus Discount or Premium Amortization Nominal Rate Plus Discount or Premium Amortization and Issuance Cost Standard and Poor's, Moody, etc.

Schedule 2 Format 2a

Case No. 9230

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

Debt Issue Issue Maturity Outstanding (b) (c) (d) Date ဓ္ဌ Date of. Amount Rate At Issue Maturity (g) Coupon of Issue (h) Bond Rating At Time 4 Obligation Col.(d)xCol.(g)
(h) (j) Annualized Test Year Interest<sub>5</sub> Cost Actual <u>(</u>E

8 Line

Type of

Total Long-Term Debt and Annualized Ost

Annualized Cost Rate [Total  $\infty$ 1. (j) - Total  $\infty$ 1.(d)]

Actual Long-Term Debt Cost Rate [Total Col. k - Total Reported in Col. (c) Line 15 of Format 1, Schedule 2]

Nominal Rate

Standard and Poor's, Moody, etc. Acominal Rate Plus Discount or Premium Amortization and Issuance Cost ominal Rate Plus Discount or Premium Amortization and Issuance Cost

Sum of Accrued Interest Amortization of Discount or Premium and Issuance Cost



CASE NO. 9230

Long-Term Debt and Preferred Stock Cost Rates

Annualized Cost Rate
Long-Term Debt Preferred Stock

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.

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Case No. 9230

Schedule of Short-Term Debt

For the Test Year Ended

5 Line

Type of Debt Instrument

Date of

Date ရှ

(b)

Maturity (c)

Outstanding Amount

Interest Rate

<u>0</u>

Oost Rate (f)

 $\infty$ 1.(d)x $\infty$ 1.(f) Interest Oost Annualized

Nominal

Effective Interest

Total Short-Term Debt

Annualized Cost Rate [Total Col. (g)  $\div$  Total Col.(d)]

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

Average Short-Term Debt - Format 1, Schedule 2 Line 15 Col. (d) [Report in Col. (g) of this schedule]

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

# Instructions:

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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 costs that cause the difference.

Format 3
Schedule 1

Case No. 9230

Schedule of Outstanding Shares of Preferred Stock For the Calendar Year Ended

Description of Issue (b) Date of Amount Sold Amount
Outstanding
(d) Dividend Rate e at Issue (f) Cost Rate Col.(f) x Col.(d) Annualized Convertibility Peatures

No.

Total

Annualized Cost Rate [Total Col.(g) + Total Col.(d)]

Instruction:

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

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Schedule 2 Format 3

Case No. 9230

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

Description of Issue Issue (b) Date Amount (c) (d) Outstanding (d) Amount Dividend Oost Rate Rate (e) at Issue (£)  $\mathfrak{Sol}_{\bullet}(f) \times \mathfrak{Sol}_{\bullet}(d)$ Annualized Oost (0) Test Year Convertibility Actual Cost Peatures

No.

Total

Annualized Cost Rate [Total (col.(g) + Total col.(d))

Actual Test Year Cost Rate [Total Col.(h) - Total Reported in Col.(e), Line 15 of Format 1, Schedule 2]

## Instruction:

-

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

Case No. 9230

Schedule of Common Stock Issue

For the 10 Year Period Ended

of Shares Number price Per Share to Public

Issue

DATE OF

Registration

Issued

Share (Net to company) price Per per Share At Date of Issue Book Value Selling Exps. Issue Amount to Company Proceeds Not

Instructions:

If applicant is a member of an affiliate group, provide in a separate schedule the above data for the parent company. 

#### Case No. 9230

#### Quarterly and Annual Common Stock Information For the Periods as Shown

	Average		Earnings	Dividend	Return on
	No. of Shares	Book	per	Rate	Average
Period	Outstanding	Value	Share	Per Share	Common Equity
	(000)	(\$)	(\$)	(\$)	(8)

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

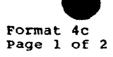
Annual

#### 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.



Case No. 9230

#### Common Stock - Market Price Information

#### Month

#### ITEM

#### January February March April May June

5th Year:

Monthly High

Monthly Low

Monthly Closing Price

4th Year:

Monthly High

Monthly Low

Monthly Closing Price

3rd Year:

Monthly High
Monthly Low
Monthly Closing Price
2nd Year:

Monthly High

Monthly Low

Monthly Closing Price

Months to Date of Filings:

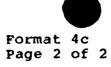
Monthly High

Monthly Low

Monthly Closing Price

#### Instructions:

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



Case No. 9230

#### Common Stock - Market Price Information

#### Month

#### Item

July August September October November December

5th Year:

Monthly High

Monthly Low

Monthly Closing Price

4th Year:

Monthly High

Monthly Low

Monthly Closing Price

3rd Year:

Monthly High

Monthly Low

Monthly Closing Price

2nd Year:

Monthly High

Monthly Low

Monthly Closing Price

Months to Date of Filings:

Monthly High

Monthly Low

Monthly Closing Price

#### Instructions:

- 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.

Format 5 Page 1 of 4

#### COMPANY NAME

Case No. 9230

Computation of Fixed Charge Coverage Ratios For the Periods as Shown

10th Calendar Year	9th Cal	endar Year	8th Cal	endar Year
Bond or		Bond or		Bond or
Mortg.		Mortg.		Mortg.
Indenture		Indenture		Indenture
SEC Require-	SEC	Require-	SEC	Require-
Method ment	Method	ment	<u>Method</u>	ment

#### No. Item

Net Income Additions Itemize

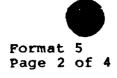
Total Additions
Deductions:
Itemize

Total Deductions

Income Available for Fixed Charge Coverage

Fixed Charges

Fixed Charge Coverage Ratio



Case No. 9230

Computation of Fixed Charge Coverage Ratios For the Periods as Shown

7th Calendar Year 6th Calendar Year 5th Calendar	<u> Year</u>
Bond or Bond or Bond	or
Mortg. Mortg. Mor	cg.
Indenture Indenture Inde	enture
SEC Require- SEC Require- SEC Require-	ire-
Method ment Method ment Method me	nt

No. Item

Net Income Additions Itemize

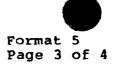
Total Additions
Deductions:
Itemize

Total Deductions

Income Available for Fixed Charge Coverage

Fixed Charges

Fixed Charge Coverage Ratio



Case No. 9230

## Computation of Fixed Charge Coverage Ratios For the Periods as Shown

4th Cal	endar Year	3th Cal	endar Year	2nd Cal	endar Year
<del> </del>	Bond or		Bond or		Bond or
	Mortg.		Mortg.		Mortg.
	Indenture		Indenture		Indenture
SEC	Require-	SEC	Require-	SEC	Require-
Method	ment	Method	ment	Method	ment

No. Item

Net Income Additions Itemize

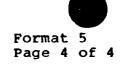
Total Additions
Deductions:
Itemize

Total Deductions

Income Available for Fixed Charge Coverage

Fixed Charges

Fixed Charge Coverage Ratio



Case No. 9230

## Computation of Fixed Charge Coverage Ratios For the Periods as Shown

1st Cal	endar Year	res	t Year Bond or
	Bond or		
	Mortg.		Mortg.
	Indenture		Indenture
SEC	Require-	SEC	Require-
Method	ment	<u>Method</u>	ment

No. Item

Net Income Additions Itemize

Total Additions Deductions: Itemize

Total Deductions

Income Available for Fixed Charge Coverage

Fixed Charges

Server :

Fixed Charge Coverage Ratio



### Company Name

### Case No. 9230

### SUMMARY OF CUSTOMER DEPOSITS

Line No.	Month (a)	Receipts (b)	Refunds (c)	Balance (d)
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			
10.	9th Month			
11.	10th Month			
12.	11th Month			
13.	12th Month			
14.	Total (L1 through	n L13)		
15.	Average Balance (Lle	4 ÷ 13)		
16.	Amount of deposits	received during	g test period	
17.	Amount of deposits	refunded during	g test period	
18.	Number of deposits	on hand end of	test year	
19.	Average amount of de	eposit (L15, Co	olumn (d) 🛨 L	.18)
20.	Interest paid during	g test period		

## COMPANY NAME

# COMMENTAL OF KENTUCKY

Case No. 9230

PHPLOYEE CONCESSION TELEPHONE SERVICE TEST YEAR ENDING

No. of People

General Office Personnel
(By percentage allowance)

Kentucky Revenue Loss

Kentucky Operations
(By percentage allowance)

Allowance Provided Employees Served by Other Telephone Companies

Main (
Stations Stations services

Intrastate

Retired and Disabled Employees (By percentage allowance)

Increase (Decrease) Test Year Prior Year 6th Month

COMPARISON OF TEST YEAR ACCOUNT BALANCES WITH THOSE OF THE Case No. 9230

Account Title and Account Number

lst Month

2nd Month

3rd Month

Month 45

5th Month

Month 745

Month

Month 9th

10th Month

Month 114

Nonth

SMEN ANYCHOO

Format 14

Total



### Commonwealth of Kentucky

### Case No. 9230

### ANALYSIS OF SALARIES AND WAGES CHARGED TO EXPENSE TEST YEAR ENDING

					ths Ende		
Line No.	Item (a)	Calend 5th (b)	ar Year 4th (c)	S Prior  3rd (d)	to test	lst (f)	Test Year (g)
1.	Maintenance	\$	\$	\$	\$	\$	\$
2.	Traffic						
3.	Commercial						
4.	Revenue Accounting						
5.	General Office and						
	Adminstrative Salaries:						
6.	(a) Executive Depa	rtment					
7.	(b) Accounting Department $\frac{1}{2}$						
8.	(c) Treasury Depar	tment					
9.	(d) Law Department						

- 10. (e) Other General Office Salaries
- ll. (f) General Office and
  Administrative
  Salaries allocated
  to Kentucky
  - 12. Total General Office
    Administrative Salaries
    (Line 6 thru 11)
  - 13. Total Salaries and Wages
    Charged Expense
    (Lines 1 thru 4 + Line 12)
  - 14. Construction
  - 15. Total Salaries and Wages
    - 1/ Exluding Revenue Accounting Salaries and Wages.

Commorwealth of Kentucky Case No. 9230

RECONCILIATION OF BOOK NET INCOME AND PEDERAL TAXABLE INCOME 12 Months Ended

l Not	Line No.
Not income per books	Item (a)
	Total Company (b)
	Total Company Non-operating (c)
	Cambined (d)
	ntucky Operat Intrastate (e)
	ucky Operations Other Intrastate Jurisdiction (e) (f)

- Add income taxes:
- Federal income tax-Current
- Federal income tax deferred-
- Depreciation
- Ç Federal income tax deferred-
- Other
- Investment tax credit adjustment
- E D Rederal income taxes charged to other income and deductions
- , E) State income taxes
- State income taxes charged to other income and deductions
- Total
- 10. Flow through items:
- 13. 13. Add (itemize)
- Deduct (itemize)
- Book taxable income
- Differences between book taxable income and taxable income per tax return;
- Add (itemize)
- 16. Deduct (itemize)
- Taxable income per return
- $\Xi$ Provide a calculation of the amount shown on Lines 3 through 7 above.
- Provide work papers supporting each calculation including the depreciation schedules for straight-line tax and accelerated tax depreciation.
- (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated

Schedule 2 Popmat 20a(7) The state of the s

# Commonwealth of Kentucky

## RECONCILIATION OF BOOK NET INCOME AND STATE TAXABLE INCOME 12 Months Ended Case No. 9230

Line No.
Item (a)
Total Company (b)
Total Company Non-operating (c)
Kentucky Operations Other Ombined Intrastate Jurisdiction (d) (e) (f)

Net income per books Add income taxes:

Federal income tax-Current

Federal income tax deferred-

Depreciation

Ş ç Federal income tax deferred-

Other

Investment tax credit adjustment

7. m D rederal income taxes charged to other income and deductions

. LEJ

9 8

State income taxes charged to other income and deductions

Total

11. Flow through items:

12. Add (itemize)

13. Deduct (itemize)

14. Book taxable income

15. Differences between book taxable income and taxable income per tax return:

Add (itemize)

16.

Deduct (itemize)

17. 18 Taxable income per return

2E Provide a calculation of the amount shown on Lines 8 through 9 above.

Provide work papers supporting each calculation including the depreciation schedules for straight-line

 $\widehat{\omega}$ Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated tax and accelerated tax depreciation.

above.

The state of the s

Case No. 9230

Analysis of Other Operating Taxes
12 Months Ended

"000 Omitted"

Item Charged to Construction (b) Charged to Other Accounts (c)

Amount Accrued
(d)

Amount Paid (e)

Kentucky Retail:

Eine Line

- (a) State Income
- (b) Gross Receipts\*
- (c) Ad Valorem (Property)
- (d) Payroll (Employer's Portion)
- (e) Other Taxes
- ٥. Total Kentucky Retail [L1(a) through L1(d)]
- Other Jurisdictions

Total Per Books (L2 + L3)

Instructions:

\*Actual payments for test year should be shown under the amount paid column.

1. Explain items in column (c).

Case No. 9230

## NET OPERATING INCOME PER AVERAGE ACCESS LINE TEST YEAR ENDING KENTUCKY COMBINED

	<b>8</b> 5 6	
(a)	Item	
(b)	5th	Cale
(c)	4th	ndar y
(p)	3rd	ears
(e)	2nd	12 M Alendar Years Prior to
(£)	lst	Month I
		nth Ended Test Year
(g)	Year	Tact

13.11 15. Net operating revenue Total operation and maintenance expenses

Other operating expenses

General office salaries and expenses

Commercial expenses

Traffic expenses

10.

Operation and Maintenance Expenses
Haintenance expenses

Depreciation and amortization

924 M M H

Miscellaneous revenues Toll service revenues

Uncollectibles - debit

Total operating revenues

Operating Revenues

Local service revenues

- 16. 17. Operating Taxes
  Federal income taxes
- 18. State income taxes
- 19. Other operating taxes Total operating taxes
- 21. Net operating income
- 8 Total average primary phone (13-month average)



### Commonwealth of Kentucky

Case No. 9230

### NUMBER OF EMPLOYEES

TEST YEAR ENDING

Period Total Maintenance Traffic Commercial Office (a) (b) (c)

Month prior to Test Year

1st Month of Test Year

2nd Month

3rd Month

4th Month

5th Month

6th Month

7th Month

8th Month

9th Month

10th Month

11th Month

12th Month

A 13-Month Average for Calendar Years Prior to Test Year

5th Year

4th Year

3rd Year

2nd Year

lst Year



### Commonwealth of Kentucky

Case No. 9230

### STATION DATA

### TEST YEAR ENDING

Period	Main	Centrex Trunks	PBX Trunks	Other Equiva- Lents	Total Primary Phones
	(a)	(b)	(c)	(d)	(e)

Month prior to Test Year

1st Month of Test Year

2nd Month

3rd Month

4th Month

5th Month

6th Month

7th Month

8th Month

9th Month

10th Month

11th Month

12th Month

A 13-Month Average for Calendar Years Prior to Test Year

5th Year

4th Year

3rd Year

2nd Year

1st Year



### Commonwealth of Kentucky

Case No. 9230

### GENERAL STATISTICAL DATA TEST YEAR ENDING

Period

Number of Employees Per Access Line (a) Number of Station Connections Per Installer-Repairman (b)

12 Months Ended December 31:

Calendar Years Before Test Year

5th Year

4th Year

3rd Year

2nd Year

1st Year

### Commonwealth of Kentucky

Case No. 9230

### GENERAL STATISTICAL DATA TEST YEAR ENDING

Average	Increase	Construction	Increase
Net Plant	Over	Budget	Over
In Service	Prior Year	Amount	Prior Year
(a)	(b)	(c)	(d)

### COMBINED

Calendar Years Before

Test Year

5th Year

4th Year

3rd Year

2nd Year

1st Year

Test Year

### INTRASTATE

Calendar Years Before

Test Year

5th Year

4th Year

3rd Year

2nd Year

1st Year

Case No. 9230

TELEPHONE PLANT IN SERVICE BY CLASS AT YEAR END PER AVERAGE ACCESS LINES
TEST YEAR ENDING

IPCRIN	Account		
(a)			
			!
(b) (c)	5th 4th	Calendar	
(a)	370	alendar Years F	
(e)	2 <u>7</u>	Prior to	<u>ـ</u> د
(£)	1st	o Test Year	
		Year	1
(9)	Year	100	

201

Organization

203

Patent rights

202

Franchises

212

Buildings

211

Land

231

Station apparatus

221

Central office equipment

242.1	241	234	232
Aerial cable	Pole lines	Large private branch exchanges	Station connections

Underground cable

Format 23 Sheet 2 of 2

	100.1	264	261	244	243	242.4	242.3	Account Number
Total average access line ( (13 month average)	Total telephone plant in service	Vehicles and other work equipment	Furniture and office equipment	Underground conduit	Aerial cable	Submarine cable	Buried cable	Account (a)

(b) (c) (d) (e) (f)	5th 4th 3rd 2nd 1st		Calendar Years Prior to Test Year	12 Month Ended
(9)	Year	Test		

Case No. 9230

# KENTUCKY COMBINED OPERATIONS STATEMENT OF TELEPHONE PLANT IN SERVICE TEST YEAR ENDING

	Account
moloskom plant in Comico.	Account (a)
	Balance Beginning Of Year (b)
	Additions (c)
	Retirements (d)
	Balance End Of Year (e)
	Intrastate Percent (f)
	Intrastate Portion (g)

# Telephone Plant in Service:

242.2	242.1	241	234	232	231	221	212	211	203	202	201
Underground cable	Aerial Cable	Pole lines	Large private branch exchanges	Station connections	Station apparatus	Central office equipment	Buildings	land	Patent rights	Franchises	Organization

242.4 242.4 243 244 261 264

Underground conduit

Total telephone plant in service Vehicles and other work equipment Furniture and office equipment

Submarine cable Buried cable

Aerial wire



Case No. 9230

### KENTUCKY COMBINED OPERATIONS ACCOUNT 642 - ADVERTISING FOR THE TEST YEAR ENDING

Line		Sales	Institutional	Rate	
No.	Item	Advertising	Advertising	Case	Total
	(a)	(b)	(c)	<u>(d)</u>	(e)

- 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

### Case No. 9230

### SUMMARY OF ACCOUNT NO. 675 - OTHER EXPENSES FOR THE TEST YEAR ENDING

No.	Description (a)	Amount (b)
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	



### Case No. 9230

### ACCOUNT NO. 323 - MISCELLANEOUS INCOME CHARGES INCLUDED IN OPERATING EXPENSES

Line No.	Item (a)	Amount (b)
1.	Contributions (a)	
2.	Membership fees and dues (a)	
3.	Abandoned construction projects	
4.	Other (itemize)	
5.	Total	
	: (a) Detail attached	



### CASE NO. 9230

### Professional Service Expenses

### For the Twelve Months Ended

Line No.	Item	Rate Case	Annual Audit	Other	Total
1.	Legal				
2.	Engineeri	ng			
3.	Accountin	g			
4.	Other				
5.	Total				

Case No. 9230

### AVERAGE RATES OF RETURN

For the Calendar Years

Through and the 12 Months Ended

Line No.	Calendar Years Prior to Test Year (a)	Total Company (b)	Ky. Jurisdiction (c)	Other Jurisdictions (d)
1.	Original Cost Net In	vestment:		
2.	5th Year			
/:3. (3.	4th Year			
4.	3rd Year			
<sub>.,5</sub> 5.	2nd Year			
×6.	lst Year			
7.	Test Year			
8.	Original Cost Common	Equity:		
9.	5th Year			
,10.	4th Year			
. 11.	3rd Year			
12.	2nd Year			
13.	lst Year			
14.	Test Year			

Provide work papers in support of the above calculations.

Case No. 9230 COMPANY NAME

Page 1 of 2 Format 33

# SCHEDULE OF NUMBER OF EMPLOYEES, HOURS PER EMPLOYEE, AND AUTO

		. III. GIE WIEL, AND AVERAGE WAGES	AND AVERAGE WAGES PER	PER EMPLOYEE
Calendar Years	Officials & Nanagerial	Professional and	Business	
Test Year	Assistants No. Hrs. Wares	Professional	Office and Sales	Sales
(a)	(b) (c) (d)	(e) (f) Wages	No. Hrs. Wages	No. Ars. Wages
5th Year			(1) (1) (3)	(k) (1) (m)
% Change				
4th Year				
% Change				

Note: (1) % Change Test Year

% Change

2nd Year

& Change

3rd Year

1st Year

& Change

Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.

Show percentage increase (decrease) of each year over the prior year on lines

(2)

3 Employees, weekly hour per employee, and weekly wages per employee for the week including December 31 of each year and the last day of the test year.

CASE NO. 9230

Page 2 of 2

# SCHEDULE OF NUMBER OF EMPLOYEES, HOURS PER EMPLOYEE, AND AVERACE WAGES PER EMPLOYEE

Test Year (a)	Calendar Years Prior to
No. Hrs. Wages (n) (o) (p)	Telephone Operators
(q) (r) (s)	Construction Installation & Maintenance
(t) (u) (v)	All Other
	1

5th Year

& Change

4th Year

& Change

3rd Year

& Change

2nd Year

& Change

lst Year

% Change

Test Year

& Change

Note: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.

(2) Show percentage increase (decrease) of each year over the prior year on lines designated above "% Change."

(3) Employees, weekly hour per employee, and weekly wages per employee from the including December 31 of each year and the land .