

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DETARIFFING THE INSTALLATION) ADMINISTRATIVE
AND MAINTENANCE OF INSIDE WIRING) CASE NO. 305

O R D E R

On October 29, 1986, the Commission held a public hearing in this case, at which the Commission staff had questions for certain witnesses who had prefiled testimony, but who were not available for cross-examination. In addition, the Commission staff had questions concerning the information responses of certain telephone companies that had not sponsored prefiled testimony. The Commission staff proposed to address interrogatories to these witnesses and telephone companies, and no party objected.

The staff's questions are directed as follows:

Mr. Charles Galloway, Prefiled Testimony on Behalf of ALLTEL Kentucky, Inc. ("ALLTEL"), Mr. William Magruder, Prefiled Testimony on Behalf of Duo County Telephone Cooperative Corporation, Inc. ("Duo County"), Ballard Rural Telephone Cooperative Corporation, Inc., Brandenburg Telephone Company, Inc., Foothills Rural Telephone Cooperative Corporation, Inc., Harold Telephone Company, Inc., Highland Telephone Cooperative, Inc., Logan Telephone Cooperative, Inc., Mountain Rural Telephone Cooperative Corporation, Inc., North Central Telephone Cooperative, Inc., Peoples Rural Telephone Cooperative Corporation, Inc., Salem Telephone Company, South Central Rural Telephone Cooperative, Inc., Thacker-Grigsby Telephone Company, Inc., and West Kentucky Rural Telephone Cooperative Corporation, Inc.

1. Is the company able to identify (a) revenues, (b) expenses, and (c) supporting assets associated with the installation and maintenance of inside wire? If the company can identify revenues, expenses, and supporting assets associated with the installation and maintenance of inside wire, please explain the method of identification and, in the case of ALLTEL Kentucky, Inc., provide data.

2. In the absence of the ability to identify revenues, expenses, and supporting assets associated with the installation and maintenance of inside wire, how would the company recommend that the Commission (a) allocate revenues, expenses, and supporting assets to unregulated accounts and (b) evaluate the revenue requirement impact of detariffing the installation and maintenance of inside wire?

3. Does the company charge for the installation of inside wire? If the company charges for the installation of inside wire, are inside wire installation charges compensatory? If inside wire installation charges are compensatory, what is the level of contribution? If the company does not charge for the installation of inside wire or inside wire charges are not compensatory, what is the level of subsidy?

4. If the company charges for the installation of inside wire, are inside wire installation charges disaggregated on a "stand-alone" cost basis, or are inside wire installation costs bundled with other costs -- e.g., service order and central office line connection costs -- in the company's rate structure? If inside wire installation costs are bundled, does the company plan

to revise its rate structure to unbundle inside wire installation costs? If the company's inside wire installation costs are bundled and it does not plan to unbundle, would or would not the failure to unbundle result in the company collecting an unregulated revenue stream through regulated charges after detariffing the installation of inside wire?

5. If the company does not charge for the installation of inside wire, is installation of inside wire revenue requirement residually allocated to local service? If installation of inside wire revenue requirement is residually allocated to local service, would or would not detariffing the installation of inside wire imply a reduction in local service rates? If detariffing the installation of inside wire would not imply a reduction in local service rates, why would it not imply a reduction in local service rates?

6. If the company does not charge for the installation of inside wire and installation of inside wire revenue requirement is not residually allocated to local service, to what category of service is installation of inside wire revenue requirement directly or residually allocated? If installation of inside wire is directly or residually allocated to some category of service other than local service, would or would not detariffing the installation of inside wire imply a reduction in rates for that category of service? If detariffing the installation of inside wire would not imply a reduction in rates for some category of service other than local service, why would it not imply a reduction in rates?

7. Does the company charge for the maintenance of inside wire? If the company charges for the maintenance of inside wire, are maintenance of inside wire charges compensatory? If maintenance of inside wire charges are compensatory, what is the level of contribution? If the company does not charge for the maintenance of inside wire or maintenance of inside wire charges are not compensatory, what is the level of subsidy?

8. If the company charges for the maintenance of inside wire, are maintenance of inside wire charges disaggregated on a "stand-alone" cost basis, or are maintenance of inside wire costs bundled with other costs -- e.g., service order and central office line connection costs -- in the company's rate structure? If maintenance of inside wire costs are bundled, does the company plan to revise its rate structure to unbundle maintenance of inside wire costs? If the company's maintenance of inside wire costs are bundled and it does not plan to unbundle, would or would not the failure to unbundle result in the company collecting an unregulated revenue stream through regulated charges after detariffing the maintenance of inside wire?

9. If the company does not charge for the maintenance of inside wire, is maintenance of inside wire revenue requirement residually allocated to local service? If maintenance of inside wire revenue requirement is residually allocated to local service, would or would not detariffing the maintenance of inside wire imply a reduction in local service rates? If detariffing the

maintenance of inside wire would not imply a reduction in local service rates, why would it not imply a reduction in local service rates?

10. If the company does not charge for the maintenance of inside wire and maintenance of inside wire revenue requirement is not residually allocated to local service, to what category of service is maintenance of inside wire revenue requirement directly or residually allocated? If maintenance of inside wire revenue requirement is directly or residually allocated to some category of service other than local service, would or would not detariffing the maintenance of inside wire imply a reduction in rates for that category of service? If detariffing the maintenance of inside wire would not imply a reduction in rates for some category of service other than local service, why would it not imply a reduction in rates?

In addition to the responses of Mr. Galloway on behalf of ALLTEL and Mr. Magruder on behalf of Duo County, an appropriate official of each telephone company identified in this Order should respond to each question posed in this Order within 10 days from the date of this Order, in sufficient detail as to fully explain each company's position.

The information requested herein is due no later than 10 days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

IT IS THEREFORE ORDERED that Mr. Galloway, Mr. Magruder, and the telephone companies identified in this Order shall respond to the questions posed in this Order within 10 days from the date of this Order.

Done at Frankfort, Kentucky, this 14th day of November, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Wrenn, Jr.
For the Commission

ATTEST:

Executive Director