

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE FILING OF CONTINENTAL TELEPHONE)
OF ITS LATEST DEPRECIATION STUDY) CASE NO. 9604

O R D E R

IT IS ORDERED that Continental Telephone Company of Kentucky ("CONTEL") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record, by September 5, 1986, or within 2 weeks after the date of this Order, whichever is later. 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. 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. In the last paragraph of page 3 of the filing, CONTEL states that the study proposes to use a composite depreciation rate that weights the ELG vintages and non-ELG vintage investment together rather than using individual rates.

a. What differences, if any, will result using composite versus individual rates over the life of the assets?

b. Will CONTEL be able to identify supporting documentation, if necessary, pertaining to an individual unit?

2. Why did CONTEL choose to use an average retirement date for buildings as opposed to an individual retirement date?

a. When a building is retired, will it be possible to identify the depreciation for the individual unit?

3. Why will there be \$375,761 unrecovered investment in Account No. 221.23? What is CONTEL's reason for amortizing this amount for only 1 year?

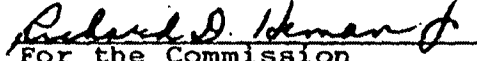
4. On page 7 of the filing, under Salvage Analysis, CONTEL makes the following statement, "Raw salvage entries routinely include a multitude of credits to the reserve. . ."

a. Please explain what the credits are.

b. Please explain why or how the credits are not reflected in the end-of-life salvage determination.

Done at Frankfort, Kentucky, this 22nd day of August, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director