

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE KENTUCKY	)	
INTRASTATE RATES OF SOUTH CENTRAL	)	CASE NO. 10105
BELL TELEPHONE COMPANY, INC.	)	

O R D E R

On December 16, 1987, the Commission issued an Order requesting South Central Bell Telephone Company ("SCB") to file "a recent 12-month test period income statement, rate base, capital, and capital structure" and "a detailed proposal of the company's position on rate stabilization or any other nontraditional form of rate regulations." The Order also established that appropriate adjustments be permitted where applicable. This request further asked for specific contract periods, required return, specific rates and other features along with detailed descriptions of all assumptions for any alternate rate proposals in conjunction with rate stabilization.

In its response on January 20, 1988, SCB presented three exhibits consisting of a test period income statement and pro forma adjustments, the need to amortize its hypothetical depreciation reserve deficiency, and an incentive regulation plan. It is our conclusion upon review of these exhibits and the incentive plan that further analysis and explanation of the test period, all pro forma adjustments and other aspects of the plan are necessary.

IT IS THEREFORE ORDERED that SCB shall file an original and 17 copies of the following information with the Commission, with a copy to all parties of record, not later than March 18, 1988. In the event that a response to individual items becomes extraordinarily voluminous SCB shall file an original and two copies of that response with applicable explanation in all other copies, with a copy to all parties of record. 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. When applicable, the information requested herein should be provided for total company, total Kentucky and jurisdictional operations on an independent basis with each specifically identified. If the information cannot be provided by this date, a motion for an extension of time must be submitted stating the reason for the delay and the date by which the information can be furnished. The commission will give due consideration to such motions.

1. Capital structure at the end of each of the periods as shown in Format 1, Schedules 1 and 2.

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, Schedules 1, 2 and 3. 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 period. 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, Schedules 1 and 2. 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 period. 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 period as shown in Format 5.

6. Provide a detailed analysis of the retained earnings account for the test period and the 12-month period immediately preceding the test period.

7. Provide rates of return in Format 7 attached.

8. Provide a calculation of the 10.95 percent level shown on page 1 of Exhibit A.

9. A footnote to page 2 indicates that SCB has continued its traditional normalization to net operating income based on the growth in access lines, a methodology rejected in the last case. Please provide an analysis of revenues on a category-by-category and month-by-month basis for the test period.

10. Please explain in full detail how the refund of Louisiana revenues will have an impact upon Kentucky income taxes. Also, explain why a 39.95 percent federal tax rate is used when the adjustments took place prior to the Tax Reform Act of 1986.

11. Provide further narrative explanation of adjustment 2B of Exhibit A concerning the antitrust suit. Does this reflect the anticipated liability in 1986? Has the final accounting been settled?

12. Provide legible copies of pages 15 and 16 of Exhibit A.

13. Explain "record only rate" (page 17 of Exhibit A) and an explanation of the 7.4 percent and 6.1 percent increases described therein.

14. Please explain the significance of the aggregate lump sums on page 17 of Exhibit A.

15. For page 18 of Exhibit A, provide the before and after base rates and the percentage increase.

16. Provide a detailed explanation of the significance of adjustment 2D of Exhibit A.

17. Provide an explanation for 48 percent being used for SCB's portion for BellSouth Services. Has this factor changed during recent periods? (It is recalled that 45 percent was used in the last case.)

18. Provide an explanation of the VSIPP adjustment 2E and what the adjustment should accomplish.

19. Provide overtime levels for the past 3 calendar years using the same format provided as shown on page 33 of Exhibit A. Also provide a legible copy of this page.

20. Provide an explanation of the revenue requirement impact to rate base as shown on page 49, Exhibit A, Line 14, and SCB's reasoning for this adjustment when the base denominator is total capitalization, not rate base.

21. Provide statements A, B, C and D in the same form as provided the Commission in its filing for 3-way represetion for the period ending October 31, 1987, with and without amortization of any theoretical reserve deficiency using depreciation parameters agreed to in the most recent 3-way represetion.

22. Also provide similar statements for periods ending June 30 and December 31, 1988, 1989, and 1990, on an estimated basis recognizing all projected construction and retirements. Details

of these projections should also be provided including cumulative additions and retirements by plant accounts for the same periods.

23. Identify all central office switching equipment replacements occurring during the periods as identified in question 22. Provide specific engineering economic studies used in making those investment decisions. The information should include, at a minimum, the discounted cash flow analysis for the alternatives considered.

24. Provide the impact on net operating income assuming the effective date of the represcribed depreciation parameter is January 1, 1987, assuming both amortization and no amortization.

25. Provide income statements for each month of the test period. The statements should contain sufficient detail as to enable determination of local, access, toll and miscellaneous revenues, maintenance, traffic, commercial, administrative and other operating expenses, local and other operating taxes, state income tax, and federal income tax. In addition provide adjustments necessary for tax calculation including but not limited to miscellaneous income charges, net tax adds and deducts, interest expense and Federal Income Tax credits.

26. Provide a complete narrative explanation of each line item on page 52 of Exhibit A. Please explain the "MR" flow-thru, line 14.

27. Explain the sudden decline in the level of IDC, i.e., a reduction from \$1,171,000 to \$245,000.

28. Per Exhibit A, page 60, line 6, explain the difference in the \$7.5 million used in this filing and the \$6.1 million used in the Commission's Order dated December 9, 1987, Case No. 8838.<sup>1</sup>

29. Provide a complete explanation of all exhibits supplied in support of the adjustment 12C, Part 32 USoA and GAAP including all assumptions and the use of a 20-year forecast.

30. In SCB's response to questions in Administrative Case No. 310,<sup>2</sup> it was estimated that implementation of the USoA and GAAP would impact revenue requirements by approximately \$6.9 million on an intrastate basis; however, the estimate presented on page 62 of Exhibit A is \$12.1 million. Provide a full explanation of the changes which led to the higher estimate and a comparison between the two estimates.

31. Per adjustment 12H, April 1988 management salaries adjustment, explain why the base calculation was determined using actual April 1987 data. Also provide an explanation of the selection of 9 months for this adjustment. Also, provide this information for adjustment 12I. Is either of the adjustments known or measurable?

32. Provide an explanation of adjustment 12J and the use of a 25 percent factor.

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<sup>1</sup> An Investigation of Toll and Access Charge Pricing and Toll Settlement Agreements for Telephone Utilities Pursuant to Changes to be Effective January 1, 1984.

<sup>2</sup> Adoption Of a New Uniform System of Accounts For Kentucky Telephone Companies.

33. Provide the actual amount of employee concessions, lobbying costs, and advertising costs for the test period.

34. Provide a balance sheet and income statement for the test period and the 12-month period immediately preceding the test period.

35. Provide a detailed statement of revenues (Form S.N. 155 as supplied in Case No. 9160,<sup>3</sup> and expenses (equivalent form) for the test period and the 12 months prior to the test period on an intrastate basis. (In the event SCB is unable to comply in this form, supply data as requested in Items 17 and 18 of initial staff request in Case No. 9160.)

36. Regarding your submission of a Cost Allocation Manual to the Federal Communications Commission last fall, identify any impact this manual has or will have upon the test period. Be specific.

37. Regarding each affiliate as set out in your Cost Allocation Manual, provide on a monthly basis for the test period and the 12 months immediately preceding the test period an itemized billing to SCB and its apportionment to Kentucky intrastate operations. Also provide for the same time period monthly summaries of itemized bills for the Birmingham Headquarters.

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<sup>3</sup> Petition of South Central Bell Telephone Company to Change and Increase Certain Rates Charges for Intrastate Telephone Service.



38. In Case No. 9571,<sup>4</sup> the Commission instructed SCB to maintain records showing over and under collections and any incremental expenses associated with its Local Measured Service trial. It was also stated that none of the impact should be borne by the ratepayers. Thus, provide the Commission the impact on net operating income of that portion of the Local Measured Service trial during the test period. Provide details, i.e., revenue impact, etc.

39. The plan as proposed consists of a "Point of Test" earning review, range of required earnings, necessary adjustments from prior tests, rate design and contract period. Please provide the name(s) of the person(s) responsible for discussion, negotiation and/or testimony of each area of concentration of the proposed plan.

40. With regard to SCB's presentation of the proposed incentive regulation plan, please provide the Commission a detailed narrative of all assumptions supporting the Company's proposed plan with particular attention given to each major aspect of the plan.

41. Please provide a narrative explaining the merits of the Company's plan vis-a-vis plans presently in place or proposed in other jurisdictions. Be specific.

42. Provide any alternate plans which SCB is of the opinion merits review by the Commission.

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<sup>4</sup> South Central Bell's Proposed Experimental Local Measured Service Tariffs.

43. Assuming the incentive regulation plan is adopted, as proposed, provide actual results for the 12 months ending September 30, 1987, and the estimated results for the 12 months ending March 30 and September 30, 1988, using budgeted data by completing the schedules appended to the plan.

44. Provide budgeted data by major revenue, investment, capital, and expense categories on a combined and intrastate basis for the calendar years 1988, 1989 and 1990. In the event monthly data is not available for 1989 and 1990, provide quarterly or yearly data.

45. Provide budgeted data reflecting average and year-end combined and intrastate rate base and capitalization levels for the calendar years 1988, 1989 and 1990. Also provide capital structure and corresponding composite costs for long-term and short-term debt and preferred stock for the same periods.

46. In addition to the above budget data, provide the underlying major budget assumption including but not limited to access lines gains, employee levels, wage assumptions, capital additions, retirements, expected CPI growth and other relevant items.

47. Assuming the Commission adopts the plan with modification to recognize all normal rate case adjustments as delineated in Exhibit A of your response, restate the results of the three time periods specified in question 43.

48. Provide South Central Bell's most recent embedded direct or other similar analysis.

49. Provide a complete section-by-section General Subscriber Services Tariff price-out.

50. Provide any available cost of service information concerning general subscriber services, especially any involving local exchange access and toll services.

51. Provide a complete section-by-section Private Line Services Tariff price-out.

52. Provide any available cost of service information concerning private line services.

53. Provide a complete section-by-section Access Services Tariff price-out.

54. Provide any available cost of service information concerning access services.

55. Provide a 5-year trend analysis showing historical growth in (a) access line and access line-related bill units, and (b) access line and access line-related revenues, and projected bill units and revenues to December 31, 1990. (Provide the data in as discrete detail as is possible from company records, i.e., in order of priority, (1) monthly, (2) quarterly, or (3) annual detail. Also, explain any assumptions used to make projections).

56. Provide a 5-year trend analysis showing historical growth in (a) MTS conversation minutes of use billed to end users, and (b) MTS revenues, and projected minutes of use and revenues to December 31, 1990. (Provide the data in as discrete detail as is possible from company records, i.e., in order of priority, (1) monthly, (2) quarterly, or (3) annual detail. Also, explain any assumptions used to make projections.)

57. Provide a 5-year trend analysis showing historical growth in (a) WATS and 800 conversation minutes/hours of use billed to end users, and (b) WATS and 800 revenues, and projected usage and revenues to December 31, 1990. (Provide the data in as discrete detail as is possible from company records, i.e., in order of priority, (1) monthly, (2) quarterly, or (3) annual detail. Also, explain any assumptions used to make projections.)

58. Provide a 5-year trend analysis showing historical growth in (a) miscellaneous service arrangement bill units, and (b) miscellaneous service arrangement revenues, and projected bill units and revenues to December 31, 1990. (Provide the data in as discrete detail as is possible from company records, i.e., in order of priority (1) monthly, (2) quarterly, or (3) annual detail. Also, explain any assumptions used to make projections.)

59. What is the policy status concerning incentive regulation in other state jurisdictions? (Provide copies of relevant decisions.)

Done at Frankfort, Kentucky, this 26th day of February, 1988.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

\_\_\_\_\_  
Executive Director

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

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)
1.	Balance beginning of test year							
2.	1st Month							
3.	2nd Month							
4.	3th 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 L13)							
15.	Average balance (L14 ÷ 13)							
16.	Average capitalization ratios							
17.	End-of-period capitalization ratios							

Instructions:

1. 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.
2. Include premium on class of stock.

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

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

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate (e)	Cost Rate At Issue (f)	Cost Rate to Maturity (g)	Bond Rating At Time of Issue (h)	Type of Obligation (i)	Annualized Cost Col. (d) x Col. (g) (j)
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Total Long-Term Debt and Annualized Cost

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

- 1 Nominal Rate
- 2 Nominal Rate Plus Discount or Premium Amortization
- 3 Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- 4 Standard and Poor's, Moody, etc.

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

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

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate (e)	Cost Rate At Issue (f)	Cost Rate to Maturity (g)	Bond Rating At Time of Issue (h)	Type of Obligation (i)	Annualized Cost (j)	Actual Test Year Interest Cost (k)
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Total Long-Term Debt and Annualized Cost

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

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

- 1 Nominal Rate
- 2 Nominal Rate Plus Discount or Premium Amortization
- 3 Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- 4 Standard and Poor's, Moody, etc.
- 5 Sum of Accrued Interest Amortization of Discount or Premium and Issuance Cost

SOUTH CENTRAL BELL TELEPHONE COMPANY

Format 2b

Case No. 10105

Schedule of Short-Term Debt  
For the Test Year Ended \_\_\_\_\_

<u>Line No.</u>	<u>Type of Debt Instrument</u> (a)	<u>Date of Issue</u> (b)	<u>Date of Maturity</u> (c)	<u>Amount Outstanding</u> (d)	<u>Nominal Interest Rate</u> (e)	<u>Effective Interest Cost Rate</u> (f)	<u>Annualized Interest Cost</u> Col.(d)xCol.(f) (g)
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Total Short-Term Debt

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

Actual Interest Paid or Accrued 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:

- 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.



SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

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

<u>Line No.</u>	<u>Description of Issue (a)</u>	<u>Date of Issue (b)</u>	<u>Amount Sold (c)</u>	<u>Amount Outstanding (d)</u>	<u>Dividend Rate (e)</u>	<u>Cost Rate at Issue (f)</u>	<u>Annualized Cost Col.(f) x Col.(d) (g)</u>	<u>Convertibility Features (h)</u>
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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.

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

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

Line No.	Description of Issue (a)	Date of Issue (b)	Amount Sold (c)	Amount Outstanding (d)	Dividend Rate (e)	Cost Rate at Issue (f)	Annualized Cost (g)	Test Year Cost (h)	Actual Test Year Convertibility Features (i)
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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:

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

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Schedule of Common Stock Issue

For the 10 Year Period Ended \_\_\_\_\_

<u>Issue</u>	<u>Announcement</u>	<u>Registration</u>	<u>DATE OF</u>	<u>Number</u>	<u>Price Per</u>	<u>Price Per</u>	<u>Book Value</u>	<u>Selling Exps.</u>	<u>Net</u>
				<u>of Shares</u>	<u>Share to</u>	<u>Share (Net</u>	<u>Per Share At</u>	<u>As % of Gross</u>	<u>Proceeds</u>
				<u>Issued</u>	<u>Public</u>	<u>to Company)</u>	<u>Date of Issue</u>	<u>Issue Amount</u>	<u>to Company</u>

Instructions:

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

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

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

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

<u>Line No.</u>	<u>Type of Capital</u>	<u>7th Year</u> <u>Amount Ratio</u>	<u>6th Year</u> <u>Amount Ratio</u>	<u>5th Year</u> <u>Amount Ratio</u>
1.	Long Term Debt			
2.	Short Term Debt			
3.	Preferred & Preference Stock			
4.	Common Equity			
5.	Other (Itemize by Type)			
6.	Total Capitalization			

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

<u>Line</u> <u>No.</u>	<u>Type of Capital</u>	<u>4th Year</u> <u>Amount Ratio</u>	<u>3rd Year</u> <u>Amount Ratio</u>	<u>2nd Year</u> <u>Amount Ratio</u>
1.	Long Term Debt			
2.	Short Term Debt			
3.	Preferred & Preference Stock			
4.	Common Equity			
5.	Other (Itemize by Type)			
6.	Total Capitalization			

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

<u>Line No.</u>	<u>Type of Capital</u>	<u>1st Year</u> <u>Amount Ratio</u>	<u>Test Year</u> <u>Amount Ratio</u>	<u>Average</u> <u>Test Year</u> <u>Amount Ratio</u>
1.	Long Term Debt			
2.	Short Term Debt			
3.	Preferred & Preference Stock			
4.	Common Equity			
5.	Other (Itemize by Type)			
6.	Total Capitalization			

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

<u>Line</u> <u>No.</u>	<u>Type of Capital</u>	<u>Latest Available Quarter</u>	
		<u>Amount</u>	<u>Ratio</u>
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.



Format 2a  
Schedule 3

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

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.

## SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Quarterly and Annual Common Stock Information  
For the Periods as Shown

<u>Period</u>	<u>Average No. of Shares Outstanding</u> (000)	<u>Book Value</u> (\$)	<u>Earnings per Share</u> (\$)	<u>Dividend Rate Per Share</u> (\$)	<u>Return on Average Common Equity</u> (%)
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## 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.

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

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:

1. 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.

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Common Stock - Market Price Information

Month

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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:

1. 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.

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Computation of Fixed Charge Coverage Ratios  
For the Periods as Shown

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

No. Item

Net Income  
Additions  
Itemize

Total Additions  
Deductions:  
Itemize

Total Deductions

Income Available for  
Fixed Charge Coverage

Fixed Charges

Fixed Charge Coverage  
Ratio

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Computation of Fixed Charge Coverage Ratios  
For the Periods as Shown

<u>7th Calendar Year</u>	<u>6th Calendar Year</u>	<u>5th Calendar Year</u>
Bond or Mortg. Indenture SEC Require- ment <u>Method</u>	Bond or Mortg. Indenture SEC Require- ment <u>Method</u>	Bond or Mortg. Indenture SEC Require- ment <u>Method</u>

No. Item

Net Income  
Additions  
Itemize

Total Additions  
Deductions:  
Itemize

Total Deductions

Income Available for  
Fixed Charge Coverage

Fixed Charges

Fixed Charge Coverage  
Ratio

**SOUTH CENTRAL BELL TELEPHONE COMPANY**

Case No. 10105

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

<u>4th Calendar Year</u>	<u>3th Calendar Year</u>	<u>2nd Calendar Year</u>
Bond or Mortg. Indenture SEC Method	Bond or Mortg. Indenture SEC Method	Bond or Mortg. Indenture SEC Method
Require- ment	Require- ment	Require- 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

SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

Computation of Fixed Charge Coverage Ratios  
For the Periods as Shown

<u>1st Calendar Year</u>		<u>Test Year</u>	
	Bond or Mortg. Indenture		Bond or Mortg. Indenture
SEC Method	Require- ment	SEC Method	Require- 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



SOUTH CENTRAL BELL TELEPHONE COMPANY

Case No. 10105

AVERAGE RATES OF RETURN

For the Calendar Years Through and the 12 Months Ended

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

NOTE: Provide work papers in support of the above calculations.