

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GTE SOUTH INCORPORATED PROVISION OF)
COUNTY-WIDE TELEPHONE SERVICE TO)
GREENUP COUNTY, KENTUCKY, PURSUANT) CASE NO. 9824
TO KRS 278.545)

O R D E R

IT IS ORDERED that GTE South Incorporated ("GTE") shall file the original and ten copies of the following information with the Commission, with a copy to all parties of record. The information requested herein is due no later than April 17, 1989. If the information cannot be provided by this date, GTE should submit a motion for an extension of time stating the reason a delay is necessary and a date by which it can be furnished. Such motion will be considered by the Commission.

1. Provide copies of any bill inserts provided to customers announcing EAS.

2. With respect to the \$340,000 increase in rate base used in the revenue requirement study:

a) Was this investment included in the rate base used in the companies most recent rate case?

b) Would it be appropriate to consider other changes to the rate base resulting from this construction, such as retirements of old equipment, etc.? If no, explain.

3. Provide any documentation, analysis, or studies supporting the estimated \$159,451 "Toll Revenue Loss" used in the revenue requirement study.

4. Provide support for the derivation of the "Annual Charge Rates."

5. Will the digital conversion of the Russell exchange allow GTE to offer new services not available prior to conversion? Explain. Also provide a list of new services available and estimate revenue impact.

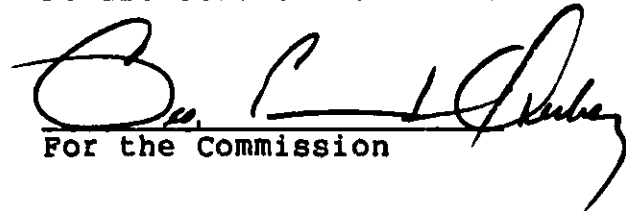
6. Explain why the annual expenses of \$50,422 should be considered. Would not these increased expenses be offset to some degree by reduced expenses associated with the equipment being replaced? Are these incremental costs?

7. Would the conversion of the Russell exchange have taken place regardless of EAS requirements? If no, explain.

8. Will inclusion of this investment in telephone plant in subsequent rate filings result in double recovery if the Commission allows the adjustments proposed in this case? Explain.

Done at Frankfort, Kentucky, this 6th day of April, 1989.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director