

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF CONTEL OF KENTUCKY,)
INC.'S PROVISION OF TELEPHONE SERVICE) CASE NO. 90-167
AND SERVICE QUALITY)

O R D E R

IT IS ORDERED that Contel of Kentucky, Inc. shall file the original and six copies of the following information with the Commission, with a copy to all parties of record. Each copy of the information requested shall be placed in a bound volume with each item tabbed. Include in each response the name of the witness who will be responsible for responding to questions relating to the information provided. The information requested herein is due no later than November 12, 1990.

1. Provide a copy of the most recent engineering economic study for the following exchanges which do not have digital switching equipment: Arlington, Bardwell, Columbus, Milburn, Bee Spring, Brownsville, Mammoth Cave, Park City, Smiths Grove, Caneyville, Clarkson, Cumberland, Irvine, Jenkins, Uniontown, and Evarts. Include a description of the existing central office equipment:

a. Identify the type of switching equipment (SXS, crossbar, analogue, digital, etc.). For remote switching equipment, identify the host exchange.

b. The dates of the installation and the dates of original installation if reused equipment.

c. Lines equipped and terminals equipped.

d. Number of existing main stations, broken-down by residential and business classifications, and by party services (1-party, 2-party, etc.). Provide any existing forecasts of main station or access line growth.

e. Demand and facilities charts, central office forecasts, and "cashflo" (or the successor to "cashflo") summaries for each alternative considered.

2. For any of the above exchanges for which an engineering economic study was not performed, provide copies of any analysis used to make upgrade or switch replacement decisions. In addition, provide information requested in Items a, b, c, and d above.

3. If studies are not available for all exchanges, provide a detailed analysis showing how the estimated capital investment of \$2,200 per access line or \$34,500,000 for upgrading to 100 percent 1-party service was determined.

4. Using 12 month to date information dated within 90 days of the date of Contel's response to this information request, formatted to conform to the Commission's quarterly surveillance report, prepare a pro forma income statement, capital structure and rate base incorporating the estimated increase in capital expenditures and decrease in revenues reflected in the "viewgraphs" presented at the informal conference held on August 6, 1990. The starting point to be used in deriving the pro forma

statements will be "per books" information for the 12 month period chosen. Using this data, compute revenue requirements using a range of equity returns from 12% to 13% in increments of 1/4% and compare each to the per books financial data used to derive the pro forma information. The company may reflect known and measurable changes in arriving at the pro forma information. However, if these changes are included, the company must also reflect any Commission adjustments made in Contel's last rate investigation. Detailed supporting information must be submitted for each adjustment required to derive the pro forma information.

5. Provide a revenue price-out for each exchange listed above, broken-down by residential and business classifications, and by party services. For example, identify the local service revenues including mileage charges, received from 1-party residential service, 2-party residential service, etc. for each exchange. If this level of detail is not possible, include the maximum level of detail possible, but as a minimum, provide local service revenues for each exchange. This information should be provided for the same time period used in Item 4 above.

6. Provide a detailed explanation of Contel's response to customer complaints regarding disconnections during conversation, excessive noise signals, simultaneous calls being audible on line and unnecessary intervention by operators. What steps has Contel taken to resolve these problems?

7. Provide a copy of Contel's latest annual report for the record in this case.

Done at Frankfort, Kentucky, this 22nd day of October, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director