

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF THE)	CASE NO. 91-217
SALEM TELEPHONE COMPANY, INC.)	

O R D E R

IT IS ORDERED that Salem Telephone Company, Inc. ("Salem") shall file the original and 15 copies of the following information with the Commission, with a copy to all parties of record, by August 26, 1990. In the event that a response to individual items becomes extraordinarily voluminous, Salem shall file an original and two copies of that response, 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 ensure that it is legible. Where information requested herein has been provided with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total Kentucky operations and Kentucky jurisdictional operations, separately. If

the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason an extension is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide capital structure at the end of each of the periods as shown in Format 1.

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. Provide a separate schedule for each time period. Report in Column (k) of Format 2a, page 2 of 3, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 2a, page 2 of 3.

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. List 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, pages 1 and 2. Provide a separate schedule for each time period. Report in Column (h) of Format 3, page 2, the actual dollar amount of preferred stock cost accrued and/or paid during the test year. Compute the actual and annualized preferred stock cost rate and report the results in Column (h) of Format 3, page 2.

4. a. List all issues of common stock during the most recent 5-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. List all stock splits by date and type.

5. Provide a computation of fixed charge coverage ratios for the 4 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 as requested in Format 7.

8. a. Provide a schedule of the present and proposed rates, charges, terms and conditions, and service rates and regulations which Salem seeks to change, shown in comparative form.

b. Provide a detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present and proposed rates can be readily determined.

c. Provide a schedule of test-period revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.

d. Provide a schedule setting forth the effect upon average customer bills.

e. Provide a statement setting forth estimates of the effect that the new rate or rates will have upon the revenues of the utility, the total amount of money resulting from the increase or decrease, and the percentage increase or decrease.

f. Provide a schedule showing by service category (i.e., local network, private line, intraLATA toll, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each category. This schedule is to be accompanied by a statement which explains in detail the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective service categories.

g. Provide a schedule showing how the increase or decrease in (f) above was further distributed to each service category (i.e., local network, private line, intraLATA toll, etc.). This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the increase or decrease.

h. Provide a statement showing by cross-outs and italicized inserts all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. A copy of the current tariff may be used. Item 8 should be provided where not previously included in the record.

9. a. In comparative form, provide a total Kentucky and Kentucky jurisdictional income statement for the test period and the 12-month period immediately preceding the test period.

b. Provide a schedule showing the total company capital, by category, allocated to Kentucky and discuss the methodology used to derive the numbers.

10. a. Provide a trial balance as of the last day of the test period (all income statement accounts should show activity for 12 months) showing account number, account title, and amount. Provide this information on a total Kentucky and Kentucky jurisdictional basis. Show the balance in each control account and all underlying subaccounts per Salem's books.

b. Provide a detailed chart of accounts used during the test period.

c. Provide an exhibit showing the separation factors used to determine jurisdictional revenues, expenses, investment, reserves, and deferrals.

11. Provide the following monthly account balances and a calculation of the average (13-month) account balances for the test period for the total Kentucky and Kentucky jurisdictional operations:

a. Plant in service (Account 2001).

b. Property held for future use (Account 2002).

c. Construction work in progress (Account 2004) (Separate this balance into CWIP eligible for capitalized interest) and other CWIP (Account 2003).

d. Plant acquisition adjustment (Account 2005).

e. Capital leases.

f. Plant purchased or sold (Account 1439).

g. Depreciation reserve (Account 3100).

h. Amortization reserve by account (3410, 3420, 3500 and 3600).

- i. Materials and supplies (Account 1220) (include all accounts and subaccounts).
- j. Balance in accounts payable applicable to each account in (i) above. (If actual is indeterminable, give reasonable estimate.)
- k. Unamortized investment credit - Pre-Revenue Act of 1971.
- l. Unamortized investment credit - Revenue Act of 1971.
- m. Accumulated deferred income taxes.
- n. A summary of customer deposits as shown in Format 11n to this request.
- o. Balance in accounts payable applicable to amounts included in utility plant in service. (If actual is indeterminable, give reasonable estimate.)
- p. Balance in accounts payable applicable to amounts included in plant under construction. (If actual is indeterminable, give reasonable estimate.)
- q. Other investments and funds (Account 1401 & 1402 {show separately}).
- r. Nonregulated investment (Account 1406).
- s. Prepayments.

12. Provide schedules in comparative form showing by month for the test period, the 12 months preceding the test period, and any available months subsequent to the test period, the total Kentucky and Kentucky jurisdictional balance in each plant and reserve account or subaccount which is included in Salem's chart of accounts in Format 12.

13. Provide the following information for each item of property held for future use at the end of the test period:

- a. Description of property.
- b. Location.

- c. Date purchased.
- d. Cost.
- e. Estimated date to be placed in service.
- f. Brief description of intended use.
- g. Current status of each project.

14. Provide the journal entries relating to the purchase of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since Salem's inception. Also, provide a schedule showing the calculation of the acquisition adjustment at the date of purchase of each item of utility plant, the amortization period, and the unamortized balance at the end of the test period.

15. Provide the detailed workpapers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application made to revenue, expense, investment, and reserve accounts for the test period and a detailed narrative explanation of each adjustment including the reason why each adjustment is required. Explain in detail all components used in each calculation including the methodology employed and all assumptions applied in the derivation of each adjustment. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

16. a. Provide a schedule showing a comparison of the balance in the total Kentucky and Kentucky jurisdictional revenue accounts for each month of the test period to the same month of the preceding 12 months for each revenue account or subaccount included in Salem's chart of accounts. Include appropriate

footnotes to show the month any rate increase was granted and the month the full increase was recorded in the accounts. See Format 12.

b. For each of the 12 months in the test period show the revenues deferred or reserved, the month they were deferred or reserved, and the reason for the deferral or reserve. Also show if any revenues were reversed from a deferral or reserve account and were not originally recorded in the test period.

17. a. Provide a schedule showing a comparison of the balance in the total Kentucky and Kentucky jurisdictional operating expense accounts for each month of the test period to the same month of the preceding 12 months for each account or subaccount included in Salem's chart of accounts. See Format 12.

b. Provide a schedule in comparative form showing the total Kentucky and Kentucky jurisdictional operating expense account balance for the test year and each of the 5 years preceding the test year for each account or subaccount included in Salem's annual report (FCC Form M, Schedule 11, pages 3-6). Show the percentage of increase of each year over the prior year.

c. Provide a schedule for the 12 months of the test period separating wages from other expenses as shown in Format 17c.

d. Provide a schedule of total Kentucky and Kentucky jurisdictional salaries and wages for the test period and each of the 5 calendar years preceding the test year in the format as shown in Format 17d. Provide this information for union and non-union employees separately. Show for each time period the

amount of overtime pay, the amount of executive bonuses and incentive payments, and the amount of membership dues and fees paid to or on behalf of employees to health clubs, country clubs, etc.

e. Provide a schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the 5 preceding years. If the responses to Items 17d and 17e are different, provide an explanation of such difference. Provide current union contracts.

18. a. Provide the amount of excess deferred federal income taxes resulting from the reduction in the corporate tax rate from 48 percent to 46 percent in 1979, as of the end of the test period.

b. Provide the amount of excess deferred federal income taxes resulting from the reduction in the corporate tax rate from 46 percent to 34 percent in 1987, as of the end of the test period.

19. Provide the following tax data with all supporting information and calculations for the test period for total Kentucky and Kentucky jurisdictional operations:

a. Income taxes:

- (1) Federal operating income taxes deferred - accelerated tax depreciation.
- (2) Federal operating income taxes deferred - other (explain).
- (3) Federal income taxes - operating.
- (4) Income credits resulting from prior deferrals of federal income taxes.
- (5) Investment tax credit net.

- (i) Investment credit realized.
 - (ii) Investment credit amortized - Pre-Revenue Act of 1971.
 - (iii) Investment credit amortized - Revenue Act of 1971.
- (6) Provide the information in 19a (1) through 19a (4) for state income taxes.
 - (7) Reconciliation of book to taxable income as shown in Format 19a (7), pages 1 and 2, and a calculation of the book federal and state income tax expense for the test period using book taxable income as the starting point.
 - (8) A copy of federal and state income tax returns for the taxable year ended during the test period including supporting schedules.
 - (9) Schedule of franchise fees paid to cities, towns, or municipalities during the test period including the basis of these fees.

b. An analysis of Kentucky other operating taxes in the format as shown in attached Format 19b.

20. Provide the comparative operating statistics as shown in Format 20 attached, pages 1, 2, 3 and 4.

21. Provide a statement of plant-in-service per company books for the test period. This data should be presented as shown in Format 21.

22. Provide the following information. If any amounts were allocated, show a calculation of the factor used to allocate each amount.

a. A detailed analysis of all charges booked during the test period for advertising expenditures. This analysis should include a complete breakdown of Account 6613 - Product Advertising as shown in Format 22a attached and further should

show any nonproduct-related advertising such as corporate image, stock and bond issues, employment advertisements, etc. included in any other expense accounts. The analysis should be specific as to the purpose of the expenditure and the expected benefit to be derived. Expenses allocated from either the parent company or from affiliated companies should so be identified.

b. An analysis of Account 6728 - Other General and Administrative Expenses for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 22b and further provide all detailed working papers supporting this analysis. At a minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for individual amounts of less than \$500 provided the items are grouped by classes as shown in Format 22b attached.

c. An analysis of Account 7370 - Special Charges for the test period. This analysis should show a complete breakdown of these accounts. Furthermore, provide all detailed working papers supporting this analysis. At a minimum, the workpapers should show the date, vendor, reference (i.e., voucher no, etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for individual amounts of less than \$500 provided the items are grouped by appropriate classes.

23. Provide a detailed analysis of expenses incurred during the test period for professional services, as shown in Format 23,

and all working papers supporting the analysis. At a minimum, the working papers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the service provided.

24. Provide a detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Account 7370. This analysis should indicate the amount of the expenditure, the recipient of the contribution, and the specific account charged. If amounts are allocated, show a calculation of the factor used to allocate each amount and its source. Also identify for the test period the amounts of contributions for charitable and political purposes allocated or billed direct to Kentucky operations from affiliated companies in accounts other than 7370.

25. Describe Salem's lobbying activities and provide a schedule showing the name of the individual, his salary, the organizations or trade associations involved in, and all company-paid or reimbursed expenses or allowances, and the account charged for all personnel for whom a principal function is that of lobbying, on the local, state, or national level. If any amounts are allocated, show a calculation of the factor used to allocate each amount. Also identify any lobbying activities billed direct to Kentucky operations by affiliates.

26. Provide the dollar amount of employee concession telephone service for the 12 months of the test period as shown in Format 26 attached.

27. Provide the following information with regard to uncollectible accounts for the test period and 5 preceding calendar years (taxable year acceptable) for total Kentucky:

- a. Reserve account balance at the beginning of the year.
- b. Charges to reserve account (accounts charged off).
- c. Credits to reserve account.
- d. Current year provision.
- e. Reserve account balance at the end of the year.
- f. Percent of provision to total local service and intraLATA toll revenue.

28. a. Provide a listing of non-utility property and property taxes and accounts where amounts are recorded.

b. Provide a schedule for all non-utility property giving a description, the date purchased, and the cost.

29. Provide employee data for all Salem employees as shown in Format 29 attached.

30. Provide a calculation of the rate or rates used to capitalize interest during construction for the test period and the 3 preceding calendar years. Provide a narrative explanation of each component entering into the calculation of this rate.

31. Provide all information, as soon as it is known, which would have a material effect on net operating income, rate base, and cost of capital which occurred after the test period and was not incorporated in the filed testimony and exhibits.

32. Provide a detailed monthly income statement on a Kentucky combined and Kentucky jurisdictional basis for each month

after the test period including the month in which the hearing ends, as they become available.

33. Provide the names and mailing addresses of each of Salem's directors.

34. Provide a schedule showing the test period and the year preceding the test period with each year shown separately the following information regarding Salem's investments in subsidiaries and joint ventures:

a. Name of subsidiary or joint venture.

b. Date of initial investment.

c. Amount and type of investment made for each of the 2 years included in this report.

d. Balance sheet and income statement for the test period and the year preceding the test period. Where only internal statements are prepared, furnish copies of these.

e. Show on a separate schedule all dividends or income of any type received by Salem from its subsidiaries or joint ventures for each of the 2-year report periods and indicate how this income is reflected in the reports filed with the Commission and the stockholder reports.

f. Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Also, indicate the position each officer holds with Salem and the compensation received from Salem.

35. Provide the following data relating to affiliated or parent company:

a. Consolidated parent and subsidiaries balance sheet, income statement, and statement of changes in financial position for the test period and the last 4 calendar years.

b. Schedule showing balance sheet, income statement, and retained earnings adjusting entries for the Kentucky subsidiary in its consolidation with the parent company and affiliated companies and any effect upon intrastate Kentucky operations.

c. Schedule of company's home office and/or inter-company charges; monthly for the test period and yearly for the last 4 calendar years. List the type of goods or services provided (i.e., supplies capitalized, data service, management services, etc.). The amount by type from each billing unit and the method used in billing (i.e., direct or allocated) and basis for allocating common charges. Also provide any studies available that show the cost/benefit of each service provided to Kentucky ratepayers by the home office or inter-company charges.

d. Schedule of federal income tax reductions due to filing a consolidated parent tax return for the last 4 taxable years. Show source and type of reduction, and method and basis of allocating to companies and states.

e. A calculation of the average (13-month) and the end-of-period debt and equity ratio and average (13-month) and end-of-period composite interest cost and preferred stock cost for the 12 months of the test period for the parent company and for the consolidated companies including all subsidiaries.

36. Provide the most recent available Embedded Direct Analysis.

37. a. Provide an explanation of the settlement method with Salem and any other telephone companies to arrive at Salem's Kentucky intraLATA revenues for the test period. (Provide the traffic agreement presently in use for settlement purposes.)

b. Provide an explanation, with copies of appropriate supporting material, of the separation procedures used to arrive at the test period Kentucky intrastate portions of revenues, investment, expenses, taxes, reserves, and any other items applicable to the case. Include discussions on cost studies which are used and periods for which studies were made. Also, provide "true-up" factors as they become available.

c. Provide a breakdown by dollar amounts of the Kentucky intrastate access and intraLATA revenues for the test period into their major class including WATS, private line, foreign exchange, and any other items. Include all intrastate access and intraLATA revenues whether received through settlements or otherwise.

38. Provide the status of all intraLATA settlements, by major class of service, with Salem that were pending at the beginning and at the end of the test period that would affect the test period. Indicate the finality of these settlements with Salem and, if they are not final, give the expected amounts and the expected dates they will be finalized. These amounts are to be reconciled using criteria specified in past Orders of the Commission with workpapers.

39. a. Provide an exhibit showing the status of all intrastate toll settlements with all connecting companies, including non-regulated companies, that were pending at the beginning and at the end of the test period that would affect the test period. For cost companies, indicate by company what year cost study or portion of year cost study is presently being used for settlements and the finality of the settlements with regard to the test period. For average schedule companies explain how Kentucky intrastate portions of the settlements are determined. For settlements that are not final, indicate the expected amounts and the expected dates they will be finalized. These amounts are to be reconciled with book entries including amounts accrued for future settlement adjustments.

b. Provide explanations of projected growth in intraLATA revenues in terms of projected growth in settlements with all connecting companies as a group and of projected growth in total billed toll revenues and messages for all companies combined including Salem.

c. Provide an itemized accounting of all of the Kentucky intraLATA revenues for the test period including the revenues of Salem and all connecting companies. A detailed statement shall be supplied giving the money amounts by dates that have been exchanged between Salem and each connecting company including when settlement amounts were or will be finalized.

d. Provide the estimated changes in intrastate access revenue compensation based on the interim access charge plan or other Orders from this Commission in Case No. 8838.¹

40. a. Provide a written explanation of all pro forma adjustments made to normalize the test period intrastate access and/or intraLATA revenues such as those caused by settlement contract changes and separation procedure changes.

b. Provide any other information Salem deems necessary to explain the debits and credits to its intrastate access and/or intraLATA revenues in order to normalize its revenues for the test period.

41. Provide a full description of the methodology used in total factor productivity studies by Salem. Moreover, provide the annual factors for the total company Kentucky combined and Kentucky jurisdictional operations for the test period and the preceding 5 years.

42. Provide the amount of expenses included in the Kentucky jurisdictional test period operating expenses for each Kentucky general rate case by case number as set out below. Moreover, provide the total Kentucky jurisdictional expenditures to date for each of the five previous rate cases before this Commission, as follows:

<u>C.N.</u>	<u>Legal Expenses</u>	<u>All Other</u>	<u>Total</u>	<u>External Costs</u>	<u>Internal Costs</u>	<u>Total</u>
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¹ Case No. 8838, An Investigation of Toll and Access Charge Pricing and Toll Settlement Agreements for Telephone Utilities Pursuant to Changes to be Effective January 1, 1984.

43. Provide a list of current filings before each state commission which has jurisdiction over the company or sister companies.

44. Provide a detailed bill for all individual payments made to any affiliated company for each month of the test period.

45. Explain how each affiliated company's expenses are allocated to the Kentucky operation. If different allocation methods are used, explain each in detail.

46. Provide any studies available that show the cost/benefit of each service provided to the Kentucky ratepayers by any affiliated company which bills expenses to the Kentucky operation.

47. a. Provide balance sheet, income statement, and retained earnings statements for each affiliated company which bills the Kentucky operation, for each month of the test period and the last 4 calendar years.

b. Provide the actual rate of return on equity for each affiliated company which bills the Kentucky operation for the test period and for each of the last 4 years.

48. If any carrying charges are billed to the Kentucky operation for any investment, expense, or return on investment utilized by corporate headquarter, etc., provide workpapers showing the calculations for all charges allocated for the test period and for the latest 4 years.

49. Provide an estimate of costs associated with personal use of company vehicles by company employees.

50. Provide the dollar amount of aircraft expenses, if any, allocated to Kentucky and describe what benefits accrued to the Kentucky ratepayers from such charges.

51. Provide an analysis of Kentucky clearing accounts for each month of the test period.

52. Provide one copy of any and all computer diskettes which contain formal exhibits and workpapers in support of the notice of filing and testimony in this proceeding as well as any computer diskettes which contain any workpapers supporting any other adjustments in this proceeding.

53. a. Provide on a total Kentucky and Kentucky jurisdictional basis a determination of rate base and capitalization (including JDIC) at the end of the test period using criteria specified in past Orders of the Commission with supporting documentation and workpapers.

b. Provide a reconciliation of any difference between the level of rate base and capitalization for each of these amounts.

c. Provide a reconciliation of the jurisdictional rate base determined above and the rate base presented in the testimony.

54. With reference to Section 10(a), Schedule A, page 1 of the application, provide the following information relating to the calculation of the tax conversion factor:

a. Explain the basis for using the federal income tax rate of 34 percent.

b. Explain the basis for using the effective state rate of 5.54 percent.

55. Provide a narrative explaining the history of Salem's pension plan. With reference to the test-year income statement and balance sheet, identify the accounts and amounts related to the pension plan; also explain the test-year balances.

56. Provide a narrative explaining Salem's affiliation with TDS. Provide any journal entries made on the books of Salem associated with TDS's acquisition of Salem.

57. Identify and explain Salem's test-year end non-regulated investment balances.

58. Provide for each month of the test-year financial data in the format as contained in Salem's quarterly filings with the Commission; i.e., FICS 33110 - Condensed Balance Sheet and FICS 33113 - Condensed Income Statement.

59. With reference to LeaVesseur testimony, page 17, specifically explain the reasons for reducing the calculated increase of \$228,633 to \$165,620. Provide any workpapers prepared in arriving at \$165,620. State whether the requested amount was selected because it produced an even \$17.00 local rate?

60. Provide a calculation showing the return on equity and overall rate of return produced by the requested increase.

61. With reference to TDS's acquisition of Salem, provide the following information:

a. Generally describe and give specific examples of cost reductions that have occurred as a result of the acquisition.

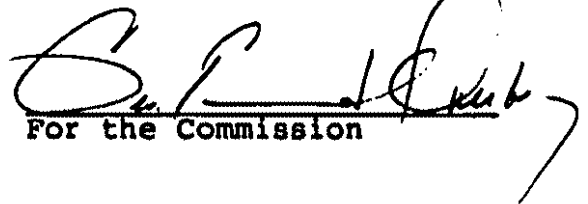
b. Generally describe and give specific examples of cost increases that have occurred as a result of the acquisition.

c. Generally describe and give specific examples of benefits that have accrued to Salem's customers as a result of the acquisition.

d. Describe TDS's short-term and long-term business plan for Salem (ie., expansion, reorganization, construction, cellular operations, non-regulated operations, relationship with TDS and other affiliates, etc.). If formal internal plans exist, please provide.

Done at Frankfort, Kentucky, this 6th day of August, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

SALEM TELEPHONE COMPANY

Case No. 91-217

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 Stock			
4.	Common Equity			
5.	Other (Itemize by Type)			
6.	Total Capitalization			

SALEM TELEPHONE COMPANY

Case No. 91-217

Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

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

SALEM TELEPHONE COMPANY

Case No. 91-217

Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

<u>Line 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 Stock		
4.	Common Equity		
5.	Other (Itemize by Type)		
6.	Total Capitalization		

Instructions:

1. Provide a calculation of the average test period data as shown in Format 1, Page 4 of 4.
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.

SALEN TELEPHONE COMPANY

Case No. 91-217

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.

SALEM TELEPHONE COMPANY

Case No. 91-217

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

Line No.	Type of Debt Issue	Date of Issue	Date of Maturity	Amount Outstanding	Coupon Interest Rate ¹	Cost Rate At Issue ²	Cost Rate to Maturity ³	Bond Rating At Time ⁴ of Issue	Type of Obligation	Annualized Cost Col.(d)xCol.(g) (j)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)

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.

SALEM TELEPHONE COMPANY

Case No. 91-217

Schedule of Outstanding Long-Term Debt
For the Test Period Ended _____

Line	Type of	Date	Date	Amount	Coupon	Cost	Cost	Bond Rating	Type	Annualized	Actual
No.	Debt Issue	of	of	Outstanding	Interest	Rate	Rate to	At Time	of	Cost	Test Year
		Issue	Maturity		Rate ¹	At Issue ²	Maturity ³	of Issue ⁴	Obligation	Col.(d)xCol.(g)	Interest
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	Cost ⁵
											(k)

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

SALEM TELEPHONE COMPANY

Case No. 91-217

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.**

SALEM TELEPHONE COMPANY

Case No. 91-217

Schedule of Short-Term Debt
For the Test Period 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 Col.(d)xCol.(f) (g)</u>
---------------------	---	-------------------------------------	--	--------------------------------------	---	--	---

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:

1. 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.

SALEN TELEPHONE COMPANY

Case No. 91-217

Schedule of Outstanding Shares of Preferred Stock
For the Calendar 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 Col.(f) x Col.(d) (g)		Convertibility Features (h)

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.

SALEM TELEPHONE COMPANY

Case No. 91-217

Schedule of Outstanding Shares of Preferred Stock
For the Test Period 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 Col.(f) x Col.(d) (g)	Actual Test Year Cost (h)	Convertibility Features (i)
-------------	-----------------------------	----------------------------	-----------------------	------------------------------	-------------------------	---------------------------------	--	------------------------------------	-----------------------------------

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.

SALEM TELEPHONE COMPANY

Case No. 91-217

Schedule of Common Stock Issue

For the 5 Year Period Ended _____

<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>Issue Announcement Registration</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.

SALEM TELEPHONE COMPANY

Case No. 91-217

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> (%)
---------------	---	-------------------------------	---	--	---

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.

SALEM TELEPHONE COMPANY

Case No. 91-217

Common Stock - Market Price Information

Month

<u>ITEM</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
<u>5th Year:</u>						
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.

SALEM TELEPHONE COMPANY

Case No. 91-217

Common Stock - Market Price Information

Month

<u>Item</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
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.

SALEM TELEPHONE COMPANY

Case No. 91-217

**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>	
<u>SEC</u>	<u>Bond or</u>	<u>SEC</u>	<u>Bond or</u>	<u>SEC</u>	<u>Bond or</u>
<u>Method</u>	<u>Mortg.</u>	<u>Method</u>	<u>Mortg.</u>	<u>Method</u>	<u>Mortg.</u>
	<u>Indenture</u>		<u>Indenture</u>		<u>Indenture</u>
	<u>Require-</u>		<u>Require-</u>		<u>Require-</u>
	<u>ment</u>		<u>ment</u>		<u>ment</u>

<u>No.</u>	<u>Item</u>
------------	-------------

Net Income
Additions
Itemize

Total Additions
Deductions:
Itemize

Total Deductions

**Income Available
for Fixed Charge
Coverage**

Fixed Charges

Fixed Charge Coverage Ratio

SALEM TELEPHONE COMPANY

Case No. 91-217

Computation of Fixed Charge Coverage Ratios
For the Periods as Shown

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

SALEM TELEPHONE COMPANY

Case No. 91-217

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 Kentucky Company</u> (b)	<u>Kentucky Jurisdiction</u> (c)
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.

SALEM TELEPHONE COMPANY

Case No. 91-217

SUMMARY OF CUSTOMER DEPOSITS

Test Period

<u>Line No.</u>	<u>Month</u> (a)	<u>Receipts</u> (b)	<u>Refunds</u> (c)	<u>Balance</u> (d)
1.	Balance beginning of test year			
2.	1st Month			
3.	2nd Month			
4.	3rd 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.	Amount of deposits received during test period			
17.	Amount of deposits refunded during test period			
18.	Number of deposits on hand end of test year			
19.	Average amount of deposit (L15, Column (d) - L18)			
20.	Interest paid during test period			

SALEM TELEPHONE COMPANY

Case No. 91-217

COMPARISON OF TEST YEAR ACCOUNT BALANCES WITH THOSE OF THE
PRECEDING YEAR

Account Title and Account Number	1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total
-------------------------------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	---------------	---------------	---------------	-------

Test Year
Prior Year
Increase
(Decrease)

SALEM TELEPHONE COMPANY

Case No. 91-217

ANALYSIS OF SALARIES AND WAGES CHARGED TO EXPENSE
TEST YEAR ENDING

Line No.	Item (a)	12 Months Ended					Test Year (g)
		Calendar Years Prior to test Year					
		5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	
1.	Plant Specific	\$	\$	\$	\$	\$	\$
2.	Plant Nonspecific						
3.	Customer Operations						
4.	Corporate Operations						
5.	Salaries allocated to Kentucky						
6.	Total Salaries and Wages Charged Expense						
7.	Construction						
8.	Total Salaries and Wages						
	a. Ratio Charged Expenses						
	b. Ratio Charged Construction						

SALEM TELEPHONE COMPANY

Case No. 91-217

RECONCILIATION OF BOOK NET INCOME AND FEDERAL TAXABLE INCOME
Test Period Ended

Line No.	Item (a)	Total Company Non-operating (b)	Kentucky Operations	
			Total Kentucky (c)	Jurisdictional (d)
1.	Net income per books			
2.	Add income taxes:			
3.	A. Federal income tax-Current			
4.	B. Federal income tax deferred- Depreciation			
5.	C. Federal income tax deferred- Other			
6.	D. Investment tax credit adjustment			
7.	E. Federal income taxes charged to other income and deductions			
8.	F. State income taxes			
9.	G. State income taxes charged to other income and deductions			
10.	Total			
11.	Flow through items:			
12.	Add (itemize)			
13.	Deduct (itemize)			
14.	Book taxable income			
15.	Differences between book taxable income and taxable income per tax return:			
16.	Add (itemize)			
17.	Deduct (itemize)			
18.	Taxable income per return			

- NOTE: (1) Provide a calculation of the amount shown on Lines 3 through 7 above.
 (2) Provide work papers supporting each calculation including the depreciation schedules for straight-line tax and accelerated tax depreciation.
 (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

SALEM TELEPHONE COMPANY

Case No. 91-217

RECONCILIATION OF BOOK NET INCOME AND STATE TAXABLE INCOME
12 Months Ended

Line No.	Item	Total Company Non-operating (b)	Kentucky Operations	
			Total Kentucky (c)	Jurisdictional (d)
1.	Net income per books			
2.	Add income taxes:			
3.	A. Federal income tax-Current			
4.	B. Federal income tax deferred- Depreciation			
5.	C. Federal income tax deferred- Other			
6.	D. Investment tax credit adjustment			
7.	E. Federal income taxes charged to other income and deductions			
8.	F. State income taxes			
9.	G. State income taxes charged to other income and deductions			
10.	Total			
11.	Flow through items:			
12.	Add (itemize)			
13.	Deduct (itemize)			
14.	Book taxable income			
15.	Differences between book taxable income and taxable income per tax return:			
16.	Add (itemize)			
17.	Deduct (itemize)			
18.	Taxable income per return			

- NOTE:
- (1) Provide a calculation of the amount shown on Lines 8 through 9 above.
 - (2) Provide work papers supporting each calculation including the depreciation schedules for straight-line tax and accelerated tax depreciation.
 - (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

SALEM TELEPHONE COMPANY

Case No. 91-217

Analysis of Other Operating Taxes
Test Period Ended

"000 Omitted"

<u>Line</u> <u>No.</u>	<u>Item</u>	<u>Charged Expense</u> (a)	<u>Charged to</u> <u>Construction</u> (b)	<u>Charged to</u> <u>Other Accounts</u> (c)	<u>Amount Accrued</u> (d)	<u>Amount</u> <u>Paid</u> (e)
1.	Kentucky Retail:					
	(a) State Income					
	(b) Ad Valorem (Property)					
	(c) Payroll (Employer's Portion)					
	(d) Other Taxes					
2.	Total Kentucky Retail [L1(a) through L1(d)]					
3.	Other Jurisdictions					
	Total Per Books (L2 + L3)					

Instructions:

1. Explain items in column (b).

SALEM TELEPHONE COMPANY

Case No. 91-217

NUMBER OF EMPLOYEES
TEST PERIOD ENDING

<u>Period</u>	<u>Total</u> (a)*	<u>Plant</u> <u>Specific</u> (b)	<u>Plant</u> <u>Nonspecific</u> (c)	<u>Customer</u> <u>Operations</u> (d)	<u>Corporate</u> <u>Operations</u> (e)
Month prior to Test Year					
1st Month of Test Year					
2nd Month					
3rd Month					
4th Month					
5th Month					
6th Month					
7th Month					
8th Month					
9th Month					
10th Month					
11th Month					
12th Month					
A 13-Month Average for Calendar Years Prior to Test Period					
5th Year					
4th Year					
3rd Year					
2nd Year					
1st Year					
Test Period					

* Also identify the level of employees allocated to Kentucky operations from other divisions and/or headquarters.

SALEM TELEPHONE COMPANY

Case No. 91-217

ACCESS LINE DATA
TEST PERIOD ENDING

<u>Period</u>	<u>Main</u> (a)	<u>Centrex</u> <u>Trunks</u> (b)	<u>PBX</u> <u>Trunks</u> (c)	<u>Other</u> <u>Equiva-</u> <u>Lents</u> (d)	<u>Total</u> <u>Access</u> <u>Lines</u> (e)
Month prior to Test Year					
1st Month of Test Year					
2nd Month					
3rd Month					
4th Month					
5th Month					
6th Month					
7th Month					
8th Month					
9th Month					
10th Month					
11th Month					
12th Month					
A 13-Month Average for Calendar Years Prior to Test Period					
5th Year					
4th Year					
3rd Year					
2nd Year					
1st Year					
Test Period					

SALEM TELEPHONE COMPANY

Case No. 91-217

GENERAL STATISTICAL DATA
TEST PERIOD ENDING

<u>Period</u>	<u>Number of Employees Per Avg. Access Line (a)</u>	<u>Number of Station Connections Per Installer- Repairman (b)</u>
12 Months Ended December 31:		
Calendar Years Before Test Period		
5th Year		
4th Year		
3rd Year		
2nd Year		
1st Year		
Test Period		

SALEM TELEPHONE COMPANY

Case No. 91-217

GENERAL STATISTICAL DATA
TEST PERIOD ENDING

<u>Average Net Plant In Service</u> (a)	<u>Increase Over Prior Year</u> (b)	<u>Construction Budget Amount</u> (c)	<u>Increase Over Prior Year</u> (d)
--	--	--	--

COMBINED

Calendar Years Before
Test Period

5th Year
4th Year
3rd Year
2nd Year
1st Year
Test Period

INTRASTATE

Calendar Years Before
Test Period

5th Year
4th Year
3rd Year
2nd Year
1st Year
Test Period

SALEM TELEPHONE COMPANY

Case No. 91-217

KENTUCKY COMBINED OPERATIONS
STATEMENT OF TELEPHONE PLANT IN SERVICE
TEST YEAR ENDING

Account Number	Account (a)	Balance Beginning Of Test Period (b)	Additions (c)	Retirements (d)	Balance End Of Test Period (e)	Intrastate Percent (f)	Intrastate Portion (g)
	<u>Telephone Plant in Service:</u>						
2690	Organization						
2690	Franchises						
2690	Patent rights						
2111	Land						
2121	Buildings						
2122	Furniture						
2123.1	Office equipment - support						
2123.2	Co. communications equipment						
2124	General purpose computers						
2211 - 2232	Central office equipment						
2311	Station apparatus						
2321	Station connections						
2341	Large private branch exchanges						
2351	Public telephone equipment						
2362	Other terminal equipment						
2411	Pole lines						
2421	Aerial cable						
2422	Underground cable						
2423	Buried cable						
2424	Submarine cable						
2425	Deep Sea cable						
2426	Intra building cable						
2431	Aerial cable						
2441	Underground conduit						
2001	Total telephone plant in service						
	Total average access line (13 month average)						

SALEM TELEPHONE COMPANY

Case No. 91-217

KENTUCKY COMBINED OPERATIONS
ADVERTISING
FOR THE TEST PERIOD ENDED

Line No.	Item (a)	Sales Advertising (b)	Promotional Advertising (c)	Institutional Advertising (d)	Rate Case (e)	Total (f)
1.	Newspapers and periodicals					
2.	Booklets and pamphlets					
3.	Bill inserts					
4.	Displays, exhibits, posters, and placards					
5.	Motion pictures					
6.	Radio					
7.	Television					
8.	Salaries and wages					
9.	Other advertising					
10.	Other expenses					
11.	Total					

* Include on this sheet advertising expenditures reflected in all accounts including Account 6613 - Product Advertising. Complete one Format 24a for each account to which advertising expenses were charged.

SALEM TELEPHONE COMPANY

Case No. 91-217

KENTUCKY COMBINED OPERATIONS
SUMMARY OF ACCOUNT NO. 672 -
GENERAL AND ADMINISTRATION EXPENSES
FOR THE TEST YEAR ENDING

<u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Amount</u> <u>(b)</u>
1.	-	
2.	-	
3.	-	
4.	-	
5.	-	
6.	-	
7.	-	
8.	-	
9.	-	
10.	-	
11.	-	
12.	Total	

* List separately any single item above \$500.

SALEM TELEPHONE COMPANY

Case No. 91-217

Professional Service Expenses

For the Test Period

<u>Line</u> <u>No.</u>	<u>Item</u>	<u>Rate Case</u>	<u>Annual Audit</u>	<u>Other*</u>	<u>Total</u>
1.	Legal				
2.	Engineering				
3.	Accounting				
4.	Other				
5.	Total				

* Provide a detailed analysis for each item over \$500.

SALEM TELEPHONE COMPANY

Case No. 91-217

EMPLOYEE CONCESSION TELEPHONE SERVICE
TEST PERIOD ENDING

	No. of People	Local		Toll	
		Main Stations	Other Services	Intrastate	Interstate
<u>Kentucky Revenue Loss</u>					
General Office Personnel (By percentage allowance)					
Kentucky Operations (By percentage allowance)					
Allowance Provided Employees Served by Other Telephone Companies					
Retired and Disabled Employees (By percentage allowance)					
Directors					
Charitable Organizations					
Other					

- This should reflect all costs on Kentucky books including those allocated from General Office. Do not include any concession service allocated to Kentucky and included in another computation (i.e. - carrying charges)

SALEM TELEPHONE COMPANY

Case No. 91-217

SCHEDULE OF NUMBER OF EMPLOYEES, HOURS PER EMPLOYEE, AND AVERAGE WAGES PER EMPLOYEE

Calendar Years Prior to Test Year	<u>Management</u>			<u>Management Support</u>			<u>Hourly</u>			<u>Total</u>		
	<u>No.</u>	<u>Hrs.</u>	<u>Wages</u>	<u>No.</u>	<u>Hrs.</u>	<u>Wages</u>	<u>No.</u>	<u>Hrs.</u>	<u>Wages</u>	<u>No.</u>	<u>Hrs.</u>	<u>Wages</u>
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
5th Year												
% Change												
4th Year												
% Change												
3rd Year												
% Change												
2nd Year												
% Change												
1st Year												
% Change												
Test Year												
% Change												

- Note: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.
- (2) Show percentage increase (decrease) of each year over the prior year on lines designated above "% Change."
- (3) Employees, weekly hour per employee, and weekly wages per employee for the week including December 31 of each year and the last day of the test period.
- (4) Provide separate sheets for direct wages and allocated wages.