

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF THE BRANDENBURG)
TELEPHONE COMPANY AND BRANDENBURG)
COMMUNICATIONS CORPORATION FOR) CASE NO. 91-260
APPROVAL OF HOLDING COMPANY)

O R D E R

On July 29, 1991, Brandenburg Telephone Company ("BTC") filed a joint application with Brandenburg Communications Corporation ("Holding") seeking approval of the creation of a holding company for BTC. The Commission finds that it has inadequate information with which to take final action on this petition. IT IS THEREFORE ORDERED that BTC shall file the original and ten copies of the following information with the Commission. The information requested shall be placed in a bound volume with each item tabbed. Include in each response the name of the person who is responsible for responding to the question.

The information requested herein is due no later than 30 days from the date of this Order. If the information cannot be provided by this date, BTC shall submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it can be furnished. Such motion will be considered by the Commission.

1. How was BTC's share in the cellular partnership financed? Provide copies of any journal entries showing the partnership acquisition.

2. In paragraph 9 on page 4 of the petition, the statement is made that Holding will adopt appropriate guidelines for intercompany transactions. Explain what transactions are alluded to and what guidelines will be adopted. Provide a copy of any guidelines which have been drafted or proposed.

3. The procedures established in Administrative Case No. 321¹ only address the separation of non-regulated and regulated activities. How will these procedures be applied to two regulated services?

4. Assuming the procedures mentioned in Item 3 above are not appropriate for use in this instance, provide, in detail, an explanation of how direct costs for each enterprise will be recorded on the books. How will common or joint costs be reflected on each company's books? If by some allocation method, provide a detailed allocation plan and the methodology used to develop the allocation factors.

5. Explain in detail how the cellular on-going operations will be financed.

6. Assuming the cellular operations will not immediately show a profit, how will operating deficits be financed?

7. How will assets or liabilities now on the books of BTC be apportioned between the two subsidiaries, in particular the cash and short-term cash investments generated by BTC.

¹ Administrative Case No. 321, Separation of Costs of Regulated Telephone Service from Costs of Non-Regulated Activities.

8. In the past, the Commission has issued Orders in Case Nos. 89-374² and 10296,³ attached, which established specific guidelines governing the relationship between holding companies and their subsidiaries. Does BTC agree to adopt similar guidelines? If not, provide comments as to the reasons Brandenburg will not adopt such guidelines, including which guidelines Brandenburg feels are unacceptable and why.

9. Explain in detail what corporate policies and guidelines governing intercompany transactions have been or will be adopted.

Done at Frankfort, Kentucky, this 9th day of October, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

² Case No. 89-374, The Application of Louisville Gas and Electric Company for An Order Approving An Agreement and Plan of Exchange and to Carry Out Certain Transactions in Connection Therewith.

³ Case No. 10296, The Application of Kentucky Utilities Company to Enter Into An Agreement and Plan of Exchange to Carry Out Certain Transactions in Connection Therewith.