

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF SOUTH CENTRAL BELL )  
TELEPHONE COMPANY FOR AN EXEMPTION FROM ) CASE NO. 92-354  
THE REGULATION FOR TELEMESSAGING SERVICES )

O R D E R

IT IS ORDERED that South Central Bell Telephone Company ("South Central Bell") shall file the original and 12 copies of its responses to the following supplemental information requests with the Commission with a copy to all parties of record no later than 30 days from the date of this Order. South Central Bell shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information requested should a public hearing be scheduled.

1. Explain how South Central Bell's cost allocation procedures ("CAMs") ensure that no cross subsidization occurs between the regulated and nonregulated services.

2. Do South Central Bell's CAMs have any effect on the process of setting the prices (tariffs) of South Central Bell's regulated network services? Explain.

3. When South Central Bell is setting the price (tariffing) of a regulated network service, is the current demand or demand growth for the regulated network service considered by South Central Bell? Explain.

4. Provide documentation of any instances where South Central Bell has increased the price of a tariffed network service when the demand for that network service has increased.

5. South Central Bell has indicated that its enhanced services will stimulate usage of the regulated tariffed network services. Provide copies of all studies supporting this contention.

6. To the extent that enhanced services use tariffed network services, those network services can be viewed as inputs into the provision of enhanced services. Do you agree or disagree with this view? Provide any documentation which supports your position.

7. If increasing demand for the provision of enhanced services causes the demand for those tariffed network services which serve as inputs to rise, then the price of those tariffed network services should also rise in a competitive market.

a. Fully discuss your views and provide any supporting documentation.

b. Would South Central Bell ever review the prices of its tariffed network services in the face of increased demand for those services? If so, explain the methodology that would be employed and the frequency of price reviews.

8. For new capital investments to the network (driven in part by competition, technology and the threat of network bypass) for which initially only regulated services share investment expenses (via the CAMS), the full amount of new investment will be allocated to the regulated network services. Only when new

enhanced services are marketed will they be allocated a share of those investment expenses on an ongoing basis. However, the upgraded regulated network services have been priced or tariffed to reflect the full allocation of the new investment. Should the prices of the regulated network services be lowered when nonregulated enhanced services are brought to market and a portion of investment expenses is allocated to them?

Done at Frankfort, Kentucky, this 14th day of April, 1993.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director