

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF CINCINNATI BELL TELEPHONE)
COMPANY FOR EXEMPTION OF VOICE MESSAGING) CASE NO. 93-008
SERVICE FROM REGULATION)

O R D E R

IT IS ORDERED that Cincinnati Bell Telephone Company ("CBT") shall file the original and 12 copies of the following information with the Commission by April 23, 1993, 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 along 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 company operations and jurisdictional operations, separately. If the information cannot be provided by the stated date, CBT should submit a motion for an extension of time stating the reason a delay is necessary

and a date by which the information will be furnished. Such motion will be considered by the Commission.

1. Provide a sample copy of a telephone bill which illustrates how AnswerLink Voice Mail and AnswerLink Basic Service are billed to customers. Is there a separate listing for any tariffed services which are included in the service package?

2. Provide data to support all statements contained in CBT's petition to indicate that CBT has met the criteria contained in KRS 278.512(3) for AnswerLink Voice Mail and AnswerLink Basic Service.

3. In reference to CBT's response to Item 2(b) of the Commission's February 19, 1993 Order, CBT states that when customers purchase AnswerLink Voice Mail and AnswerLink Basic Service the service agent discourages the purchase of call forwarding busy if the customer already subscribes to call waiting.

a. If the AnswerLink customer currently subscribes to call waiting, under what circumstance would a call be switched over to the mailbox? Explain how AnswerLink Voice Mail and AnswerLink Basic Service function with call waiting as opposed to call forwarding busy.

b. Provide a price comparison between call waiting and call forwarding busy, including the non-recurring charges. Could a subscriber exchange call waiting for call forwarding busy without a charge since the installation charge for call waiting has already been incurred?

4. In reference to CBT's response to Item 2(c) of the Commission's February 19, 1993 Order, are customers who currently

subscribe to TouchTone Service informed that TouchTone Service is not essential to the provision of AnswerLink Voice Mail and AnswerLink Basic Service? If customers are informed, explain how CBT informs the customer. If customers are not informed, explain why.

5. In reference to CBT's response to Item 14 of the Commission's February 19, 1993 Order, after the costs for CBT's enhanced services are removed through the application of Part 64 cost allocation rules, could the costs be identified on a service-by-service basis in the event that the Commission chose to apply some reasonable interstate/intrastate allocation procedure to the costs? Could the costs be allocated by service to each jurisdiction? Explain your answer.

6. CBT's response to Item 15 of the Commission's February 19, 1993 Order indicates that only directly assignable expenses and investment can be identified. In reference to "directly attributable" costs as defined in cost allocation procedures, cannot these costs be identified through time reporting procedures? For example, should a service order clerk who processes both regulated and nonregulated activities be identified as regulated or nonregulated through time reporting procedures? In reference to "indirectly attributable" costs as defined by cost allocation procedures, would not the time of the service order clerk's supervisor be attributed to regulated/nonregulated activities based upon the time of the supervisor's subordinate?

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

8. Do CBT's CAMs have any effect on the process of setting the prices (tariffs) of CBT's regulated network services? Explain.

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

10. Provide documentation of any instances where CBT has increased the price of a tariffed network service when the demand for that network service has increased.

11. In reference to CBT's response to Item 13 of the Commission's February 19, 1993 Order, CBT indicates that certain synergies exist between tariffed network features and enhanced services. Does this indicate that enhanced services stimulate the usage of regulated network services? Explain your answer.

12. 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.

13. 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 CBT 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.

14. 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 2nd day of April, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director