

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BELLSOUTH TELECOMMUNICATIONS,)
INC.'S APPLICATION TO RESTRUCTURE) CASE NO. 97-074
RATES)

O R D E R

IT IS ORDERED that BellSouth Telecommunications, Inc. ("BellSouth") shall file an original and 10 copies, unless otherwise specified, of the following information with this Commission no later than May 23, 1997 with a copy to all parties of record. When a response requires multiple pages, each page should be appropriately indexed, for example, Item 1(a), Sheet 2 of 4. 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.

1. In its response to Item No. 2, BellSouth states that "a review of the Hunting subscription rate as a percentage of total business lines over a five year period, from 1992 to 1996, shows no appreciable change in trend before to after the price reduction." Discuss the specific changes that were identified by BellSouth's review.

2. Provide a final copy of BellSouth's 1997 worksheets showing a true and accurate calculation using the actual December 1996 GDP-PI in the price cap formula, if it is different from the preliminary copy that BellSouth provided in response to Item No.

8.

3. What is BellSouth's final proposal regarding the inclusion of SSI and AFDC as additional eligibility criteria for the LifeLine program?

4. Provide supporting documentation for BellSouth's claim in its response to Item No. 30 that "residence rate increases of more than \$15 per month would be required to cover cost, if all subsidies were immediately eliminated."

5. Refer to Item No. 11.

a. Compare BellSouth's LRIC study and its results to a forward-looking TSLRIC study for universal service.

b. In its response to Item B, BellSouth states that its proposed restructuring "does not eliminate all of the implicit subsidies contained in BellSouth's historical rate structure". List and quantify the implicit subsidies which will remain after BellSouth's restructuring on a historical and TSLRIC basis.

c. How do BellSouth's proposed rates compare to the forward-looking TSLRIC cost of universal service? Explain.

d. From the FCC's recent order concerning universal service, neither the extent to which LECs will be allowed to recover historical costs nor the manner in which cost recovery will occur is clear. If BellSouth receives its proposed rates and if TSLRIC is the universal service cost standard for 1FB and 1FR rates, what is BellSouth's estimate of the difference in universal costs not recovered through its restructuring and historical costs? Explain.

6. Refer to Item No. 15. Because BellSouth's response misses the point of the question, the question is restated as follows: From a BellSouth representative's point

of view, when does it make economic sense for a growing business to stop purchasing multiple 1FB lines and attendant vertical services and consider purchasing trunk lines and ESSX/Multiserv services? Explain your answer in terms of current and proposed prices.

7. Do the FCC's recent universal service, access and price cap orders have any impact on this case? Explain. Provide updated responses to any questions as necessary.

8. How does the recent FCC order impact BellSouth's proposed LifeLine program?

9. Provide an analysis of all rate changes subsequent to and including divestiture which shows the total dollar amounts of the changes, the tariff changes, and the dates and reasons for the changes.

10. Provide BellSouth's latest calculation of its non-traffic sensitive revenue requirement and the current level after deducting prior adjustments. Of this amount, how much is received for IXCs? Other LECs? BellSouth? Others? Be specific.

11. Provide a calculation of the input used to determine the late payment charge proposal.

12. Provide the following, by rate group, based on the priceout submitted with the application and/or the market basket priceout.

a. Identify, by rate element, the number of residential customers with a single access line, two access lines, and more than two access lines. For those over two access lines, state the actual number of access lines per customer.

b. With respect to the above residential analysis, provide comparable information for residential TouchTone.

c. Identify, by rate element, the number of business customers with a single access line, two access lines, three to six access lines, seven to ten access lines, eleven to twenty-five access lines, and over twenty-five access lines.

d. With respect to the above business analysis, provide comparable information for hunting and business TouchTone.

e. Late payment charges.

f. Complete Choice.

g. Area Plus with Complete Choice.

h. Vertical services.

i. Mileage and/or geographic zone charges.

j. Any other service defined in Administrative Case No. 355 as basic service not specifically requested above.

13. What consideration, if any, has BellSouth given to the reinstatement of residential hunting?

Done at Frankfort, Kentucky, this 13th day of May, 1997.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Director


For the Commission