

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. FILING DATE: 00/00/00	:	
2. BUREAU: OSA	:	
3. SECTION(S):	:	4. PUBLIC MEETING DATE:
5. APPROVED BY:	:	00/00/00
DIRECTOR:	:	
SUPERVISOR:	:	
6. PERSON IN CHARGE:	:	7. DATE FILED: 04/02/92
8. DOCKET NO: J-00520020	:	9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: FUC

RESPONDENT/APPLICANT: COMMONWEALTH TELEPHONE CO.

COMP/APP COUNTY:

UTILITY CODE: 310800

ALLEGATION OR SUBJECT

ASSESSMENT OF THE IMPACT OF SIGNIFICANT INCREASES IN CERTAIN OPERATING EXPENSE
ON THE COMMON EQUITY RETURN RATE.

DOCKETED
APR - 7 1992

DOCUMENT
FOLDER

April 8, 1992

I-00920020

SCOTT BURNSIDE V P
COMMONWEALTH TELEPHONE COMPANY
100 LAKE STREET
DALLAS PA 18612

Pennsylvania Public Utility Commission
v.

RLS

Commonwealth Telephone Company

To Whom It May Concern:

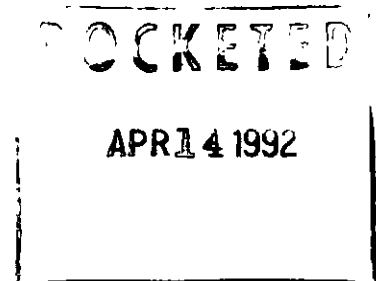
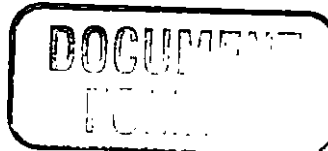
This is to advise you that an Opinion and Order has been adopted by the Commission in Public Meeting on April 2, 1992 in the above entitled proceeding.

An Opinion and Order has been enclosed for your records.

Very truly yours,

John G. Alford, Secretary

smk
Encls.
Cert.Mail

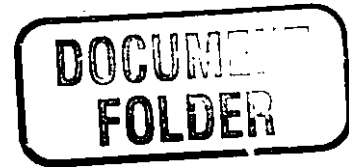


PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, Pa. 17105-3265

Public Meeting held April 2, 1992

Commissioners Present:

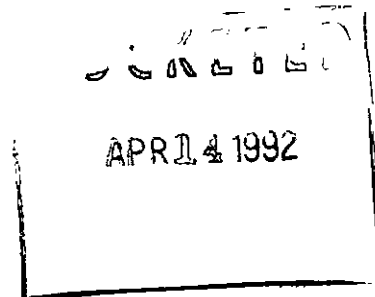
David W. Rolka, Chairman
Joseph Rhodes, Jr., Vice Chairman
Wendell F. Holland, Commissioner



Pennsylvania Public Utility Commission
v.
Commonwealth Telephone Company

Docket No. I-00920020

OPINION AND ORDER



BY THE COMMISSION:

In conjunction with the 1991 State Tax Adjustment Surcharge filings by a number of utilities, the Commission has reviewed financial data to determine these utilities' current rates of return.

Our preliminary investigation and analysis suggests that Commonwealth Telephone Company may have posited an inaccurate earnings position based on summary information provided by the company. It appears that further review is warranted in order to gather additional detailed information. Information provided in greater detail will allow the Commission to undertake an analysis that reflects the actual earnings on equity capital of Commonwealth, as accurately and fairly as possible; **THEREFORE,**

IT IS ORDERED:

1. That an investigation on Commission motion be, and hereby is, instituted to gather additional information relative to a comprehensive calculation of return on common equity capital.

2. That the interrogatories set forth in Attachment A be answered by the Company in order to assess the accuracy of certain operating expenses that bear on the rate of return on common equity capital.

3. That this matter be, and hereby is, assigned to Office of Special Assistants for a recommended disposition relative to the company's return on equity capital, within sixty (60) days of the date of entry of this Opinion and Order.

BY THE COMMISSION

A handwritten signature in cursive script, appearing to read "John G. Alford".

John G. Alford
Secretary

(SEAL)

ORDER ADOPTED: April 2, 1992
ORDER ENTERED: APR - 8 1992

1. In 1991, Corporate Operations Expense increased 58%, over \$6 million, from \$10,196,132 to \$16,221,085. Given the magnitude of the change and the resulting effect that a \$6 million expense charge has on Commonwealth's computed return on common equity capital, further information regarding this expense category is appropriate at this time. In this regard, please provide the following requested information.

- a. Provide details of the accounts that make up the expense category-Corporate Operations Expense.
- b. Explain the increases that have occurred in each account.
- c. Provide detailed calculation of Intrastate Rate of Return as Commonwealth has calculated it on page 10 of their quarterly report to the Commission-Intrastate Rate of Return Study.

1. For 12 months ended 12/31/91

2. With Corporate Operations Expenses at 12 months ended 12/31/90 level
-\$10,196,132.

2. For the 12 months ended June 30, 1990 the balance for intrastate plant in service was \$237.8 million. At December 31, 1991 this balance was \$275.4 million, or an increase of 15.8%. Over the same time period depreciation expense increased from \$14.8 million to \$17.3 million, or 16.9%.

Considering that depreciation expense has increased more rapidly over this time period than growth in intrastate plant in service, (16.9% VS 15.8%) explain how intrastate rate base has increased by 22% over the same time period from \$114.1 million at June 30, 1990 to \$139.1 million at December 31, 1991.

3. Provide a detailed explanation of the turnaround of Other Operating Income/(Expense) from a positive balance of \$48,971 at 12/31/90 to a negative balance of \$439,884 at 12/31/91.