

March 19, 1993

Mark J. Shostak, Esquire
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

RECEIVED

MAR 22 1993

SECRETARY'S OFFICE
Public Utility Commission

Re: Pa. PUC v. Commonwealth Telephone
Docket No. I-920020

Dear Mark:

Enclosed herewith please find two (2) copies of Commonwealth Telephone Company's responses to OCA Interrogatories (Set V) in the above-captioned matter.

Should you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/shostak.icr

Enclosure

cc: Secretary Alford (w/o enclosure)
All Parties of Record
W. Shaner (w/o enclosure)

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

COMMONWEALTH TELEPHONE COMPANY

:
:
:
:
:
:

DOCKET NO. I-00920020

RECEIVED

MAR 22 1993

SECRETARY'S OFFICE
Public Utility Commission

CERTIFICATE OF SERVICE

I hereby certify that, on this 19th day of March, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

Kandace F. Melillo, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

By: _____

Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
115 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

DOCKETED
MAR 25 1993

DOCUMENT
FOLDER

March 29, 1993

FILE

MAR 31 1993

SECRETARY'S OFFICE
Public Utility Commission

Phillip E. McClelland
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

MLS

Re: Commonwealth Telephone Company's Answers to OCA's
Interrogatories, Set II, No. 31
Docket No. I-00920020

Dear Mr. McClelland:

Enclosed herewith please find Commonwealth Telephone Company's Answer to OCA Interrogatory Set II, No. 31 in the above-captioned matter. Due to the proprietary nature of these documents, copies have not been served upon AT&T.

Should you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/mcclelland.lcr

Enclosure

cc: Secretary Alford (w/o enclosure)
K. Melillo
M. Keffer (w/o enclosure)
W. Shaner

DOCKETED

APR 02 1993

DOCUMENT
FOLDER

March 29, 1993
KLS

RECEIVED

MAR 31 1993

Phillip E. McClelland
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

SECRETARY'S OFFICE
Public Utility Commission

Re: Commonwealth Telephone Company's Answers to OCA's Interrogatories, Set II, Nos. 7, 8, 9, 10, 11 and 24 and Set IV, Nos. 1 and 3, Docket No. I-00920020

Dear Mr. McClelland:

Enclosed herewith please find Commonwealth Telephone Company's updated answers to OCA Interrogatories Set II, Nos. 7, 8, 9, 10, 11 and 24 as well as Set IV, Nos. 1 and 3 in the above-captioned matter. In addition, we also enclose a copy of the 1992 Annual Report to Stockholders and Proxy Statement of C-TEC. Due to the proprietary nature of these documents, copies have not been served upon AT&T.

These updated answers contain 1992 financial data which was not provided in the original responses because, as was explained, 1992 books had not been closed. We believe that all interrogatories submitted as of this date which requested 1992 data have now been fully and completely responded to. Should you perceive that additional information or documents regarding 1992 are due under previous interrogatories, please let me know at your earliest convenience.

Should you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/mcclelland.lcr

Enclosure

cc: Secretary Alford (w/o enclosure)
K. Melillo
M. Keffer (w/o enclosure)
W. Shaner

DOCUMENT
FOLDER
DOCKETED
APR 02 1993

RECEIVED

April 1, 1993

APR 7 1993

SECRETARY'S OFFICE
Public Utility Commission

Phillip E. McClelland
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Re: Commonwealth Telephone Company's Answers to OCA's
Interrogatory No. III-27 (Revised)
Docket No. I-00920020

Dear Mr. McClelland:

Enclosed herewith please find Commonwealth Telephone Company's revised response to OCA Interrogatory No. III-27 in the above-captioned matter. Due to the proprietary nature of these documents, copies have not been served upon AT&T.

Should you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/mcclell3.ltr

Enclosure

cc: K. Melillo
Secretary Alford (w/o enclosure)
M. Keffer (w/o enclosure)
W. Shaner (w/o enclosure)

DOCUMENT
FOLDER
DOCKETED
APR 09 1993

April 9, 1993

VIA HAND DELIVERY

John G. Alford, Secretary
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

RECEIVED
APR 09 1993

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

Re: PA PUC v. COMMONWEALTH TELEPHONE COMPANY
Docket No. I-00920020

Dear Secretary Alford:

Enclosed please find for filing with the Commission an original and two (2) copies of Commonwealth Telephone Company's Objections to Office of Consumer Advocate Interrogatories (Set VI) in the above captioned matter.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.


NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/objoca.vi

Enclosure

cc: All Parties of Record
W. Shaner

DOCUMENT
FOLDER

ORIGINAL RECEIVED

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

APR 09 1993

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	Public Utility Commission
	:	SECRETARY'S BUREAU
	:	Information Control Division
v.	:	DOCKET NO. I-00920020
	:	
COMMONWEALTH TELEPHONE COMPANY	:	

**OBJECTIONS OF COMMONWEALTH TELEPHONE COMPANY
TO OFFICE OF CONSUMER ADVOCATE
INTERROGATORIES SET VI**

AND NOW, comes Commonwealth Telephone Company ("CTCO"), by and through its attorneys and objects to certain Office of Consumer Advocate ("OCA") Set VI Interrogatories pursuant to Rules of Administrative Practice and Procedure of the Pennsylvania Public Utility Commission ("Commission"), 52 Pa. Code Section 1.56 and Section 5.342(c) and (d) and, in support thereof, CTCO avers as follows:

1. On March 30, 1993, the OCA served Set VI of its Interrogatories in the above-captioned proceeding.
2. CTCO objects to certain Interrogatories contained in Set VI for the reasons set forth below:

DOCKETED
APR 15 1993

Interrogatory No. 32. Please provide the minutes from C-TEC's Compensation Committee meetings held in 1990, 1991, 1992 and 1993. Please also provide all Compensation Committee reports for the years 1990, 1991, 1992 and 1993.

**DOCUMENT
FOLDER**

Interrogatory No. 33. Please provide the minutes from C-TEC's Board of Director meetings held in 1991, 1992 and 1993.

OBJECTION: - CTCO objects to providing the information requested in Interrogatory Nos. 32 and 33 on the basis of relevance and confidentiality. CTCO cannot comprehend how provision of Compensation Committee and Board of Director minutes for the years 1990, 1991, 1992 and 1993 conceivably relate to the subject matter of this investigation: CTCO earnings and the affiliate relationships of CTCO. Matters relating to other companies, with no relation to CTCO, and their affairs are included in these documents. CTCO is a separate corporation with its own Board of Directors. Further, the information requested contains sensitive, confidential communications. Absent further justification, CTCO objects to the production of the requested information.

Interrogatory No. 34. C-TEC's 1993 Proxy Statement on page 11 contain a chart comparing C-TEC's five year cumulative total return to NASDAQ, and a selected peer group. Please provide the names of the company's in the selected peer group.

OBJECTION: - CTCO objects to providing the information requested in Interrogatory No. 34 on the basis of relevance. CTCO does not understand how provision of individual members of the company's "selected peer group" utilized in the chart in its 1993 Proxy Statement relates to the subject matter of this investigation. C-TEC owns numerous companies which maintain diverse lines of business totally unrelated to local telephone services and CTCO. Absent further justification, CTCO objects to the production of the requested information.

Interrogatory No. 35. Please describe all significant changes that have occurred in CTCO's operations as a result of C-TEC executive management actions that have resulted in substantial savings to CTCO for the years 1989, 1990, 1991, 1992 and 1993. Please indicate the amount of savings from each change and the total amount of savings realized by CTCO.

Interrogatory No. 36. In C-TEC's 1993 proxy statement page 7, C-TEC indicates that its executive compensation program is "based upon factors which are designed to emphasize continued growth in revenues and operating cash flow..." Please provide the actual factors used for the years 1989, 1990, 1991, 1992 and 1993. Please explain the development of these factors for each year.

Interrogatory No. 37. In C-TEC's 1993 proxy statement page 7, C-TEC indicates that its executive compensation program is "designed to motivate and encourage senior executives to be aggressive in expanding existing businesses as well as entering new telecommunications-related businesses." Please indicate how these investments will benefit CTCO's ratepayers and how executive action has expanded CTCO regulated activity.

OBJECTION: - CTCO objects to providing the information requested in Interrogatory Nos. 35-37 on the basis of relevance and burden. First, CTCO does not understand the relevance of detailed inquiries into its executive compensation program to the subject matter of this proceeding which is an investigation into the earnings levels and affiliated relationships of CTCO. Absent further justification, CTCO objects to provision of this information on this basis. Second, CTCO would consider it extremely burdensome, time-consuming and expensive to be required to conduct the individual analyses and studies required by Interrogatory Nos. 35-37.

For example, Interrogatory No. 37 requires CTCO to demonstrate how its entry into new telecommunications related businesses will benefit CTCO ratepayers. Answering this requires a significant commitment of time and personnel. CTCO does not believe that diversion of limited resources to perform arguably irrelevant studies should be required of it. CTCO declines to perform the studies requested in Interrogatory Nos. 35-37 on this basis.

Interrogatory No. 38. In C-TEC's 1993 proxy statement page 7, C-TEC indicates that its executive compensation program is designed to motivate key senior executives to achieve strategic business objectives. Please indicate, in detail, what these strategic objectives are for C-TEC and for CTCO for the years 1990, 1991, 1992 and 1993.

OBJECTION: - CTCO objects to providing the information requested in Interrogatory No. 38 on the basis of relevance and confidentiality. CTCO does not perceive the relevance of C-TEC and CTCO's 1990-1993 strategic objectives to the subject matter of this proceeding. Further, CTCO considers such strategic objectives to be of a confidential nature and the provision of same may materially harm its competitive position in the market place if divulged. CTCO, thus, objects to Interrogatory No. 38.

Interrogatory No. 39. In C-TEC's 1993 proxy statement page 7, C-TEC indicates that its executive compensation program is designed to provide compensation and growth opportunities which are comparable to those offered by other leading companies. Please provide the data used for this comparison for the years 1990, 1991, 1992 and 1993.

OBJECTION: CTCO objects to providing the information requested in Interrogatory No. 39 on the basis of relevance and confidentiality. CTCO does not view as relevant to the subject matter of this proceeding supporting data for any executive compensation studies it has performed. Further, CTCO's ability to obtain such information is predicated on an understanding that provision of such information by other companies will remain confidential. CTCO, therefore, objects to the provision of the data requested in Interrogatory No. 39.

Interrogatory No. 40. In C-TEC's 1993 proxy statement page 8, C-TEC indicates concerning Mr. Parente's incentive compensation that C-TEC has been able to function effectively during the last few years with a smaller group of senior executives than were with the C-TEC when Mr. Parente took over five years ago. Please indicate the number of senior executives C-TEC has had for each of the last five years and provide the total compensation for this group for each of the last five years.

OBJECTION: CTCO objects to providing the information requested in Interrogatory No. 40 on the basis of relevance. CTCO does not understand the relevance of the information requested to the subject matter of this proceeding. Absent further justification as to the relevance of the requested information, CTCO declines to provide such information.

Interrogatory No. 41. In C-TEC's 1993 proxy statement page 8, C-TEC indicates concerning its long-term bonuses that specific long-term payments to the Executive Officers are determined by a mathematical formula which relates actual operating results to predetermined objectives for the Company's consolidated operations for the years

1989 through 1993. Please provide and explain how this formula was used to calculate the bonuses for each of C-TEC's senior executives for the years 1991 and 1992.

OBJECTION: CTCO objects to provision of information requested in Interrogatory No 41 on the basis of relevance and burden. CTCO, once again, does not understand the relevance of the mode of calculation of bonuses and long-term payments to the subject matter of this proceeding. Further, CTCO would find it burdensome to have to regenerate the underlying data and mathematical formula utilized in the calculation of such bonuses and long-term payments given that its resources are currently devoted to preparation for the instant investigation.

WHEREFORE, for the reasons set forth above, Commonwealth Telephone Company respectfully objects to Office of the Consumer Advocate Interrogatories (Set VI) as enumerated above.

Respectfully submitted,

NORMAN JAMES KENNARD, ESQUIRE
JAMES P. MELIA, ESQUIRE
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

DATED: April 9, 1993

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
v. : DOCKET NO. I-00920020
COMMONWEALTH TELEPHONE COMPANY :

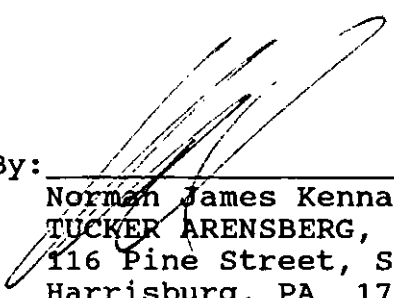
CERTIFICATE OF SERVICE

I hereby certify that, on this 9th day of April, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

Kandace F. Melillo, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Phillip F. McClelland, Esquire
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

By: 
Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

April 12, 1993

RECEIVED

APR 14 1993

PHYS OFFICE
Commission

Kandace F. Melillo, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Re: Commonwealth Telephone Company's Answers to OTS
Interrogatory RE-1 (Updated)
Docket No. I-00920020

Dear Ms. Melillo:

Enclosed herewith please find Commonwealth Telephone Company's updated response to OTS Interrogatory RE-1 in the above-captioned matter.

Should you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.


NORMAN JAMES KENNARD

NJK/dmb
etc/inv/melillo.rel

Enclosure

cc: P. McClelland
M. Keffer
Secretary Alford (w/o enclosure)
W. Shaner (w/o enclosure)

DOCKETED

APR 15 1993

DOCUMENT
FOLDER

April 12, 1993

RECEIVED

APR 14 1993

SECRETARY'S OFFICE
Public Utility Commission

Phillip E. McClelland
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Re: PA PUC v. Commonwealth Telephone Company
Docket No. I-00920020

Dear Phil:

We enclose Commonwealth Telephone Company's updated response to OCA Interrogatory No. II-18 for the above-captioned matter.

Should you have any questions regarding the above, please feel free to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/mcclelland.upd

Enclosure

cc: K. Melillo
M. Keffer
Secretary Alford (w/o enclosure)
W. Shaner (w/o enclosure)

DOCKETED
APR 15 1993

DOCUMENT
FOLDER

April 20, 1993

RECEIVED

APR 22 1993

SECRETARY'S OFFICE
Public Utility Commission

Phillip E. McClelland
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Re: Commonwealth Telephone Company's Answers to OCA's
Interrogatories, Set VI, Nos. 1-4, 6-24, and 26-43
Docket No. I-00920020

Dear Mr. McClelland:

Enclosed herewith please find two copies of Commonwealth Telephone Company's answers to OCA Interrogatories Set VI, Nos. 1-4, 6-24, and 26-43 in the above-captioned matter.

Should you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/mcclell6.ltr

Enclosure

cc: All Parties of Record
Secretary Alford (w/o enclosure)
W. Shaner (w/o enclosure)

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

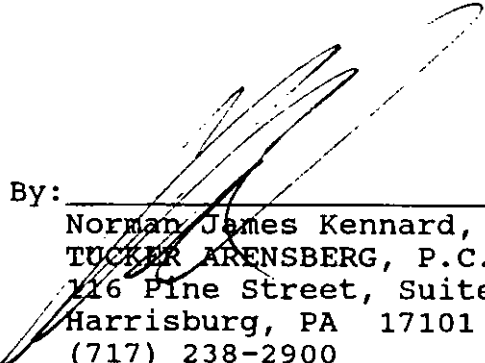
PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
v. : DOCKET NO. I-00920020
COMMONWEALTH TELEPHONE COMPANY :

CERTIFICATE OF SERVICE

I hereby certify that, on this 20th day of April, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

Kandace F. Melillo, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

By: 
Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

DOCKETED
APR 30 1993

**DOCUMENT
FOLDER**

RECEIVED

MAY 24 1993

UTILITY COMMISSION
HARRISBURG OFFICE

April 20, 1993

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

Re: Commonwealth Telephone Company's Answers to AT&T's
Interrogatories, Set II, Nos. 80-84, 86-88, and 90-103
Docket No. I-00920020

Dear Mr. Keffer:

Enclosed herewith please find Commonwealth Telephone Company's response to AT&T's Interrogatories, Set II, Nos. 80-84, 86-88, and 90-103 in the above-captioned matter. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

Should you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

DOCUMENT
FOLDER

NJK/dmb
ctco/inv/keffer.ler

Enclosure

cc: All Parties of Record
Secretary Alford (w/o enclosure)
W. Shaner (w/o enclosure)

RECEIVED

MAY 24 1993

CLERK'S OFFICE
PUBLIC UTILITY COMMISSION

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

DOCKET NO. I-00920020

COMMONWEALTH TELEPHONE COMPANY

CERTIFICATE OF SERVICE

I hereby certify that, on this 21st day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

Kandace F. Melillo, Esquire*
Carol F. Pennington, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Phillip F. McClelland, Esquire*
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

By: _____

Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

DOCKETED

JUN 08 1993

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

* - Via Hand Delivery

DOCUMENT
FOLDER

COMMONWEALTH OF PENNSYLVANIA



RECEIVED

OFFICE OF CONSUMER ADVOCATE
1425 Strawberry Square
Harrisburg, Pennsylvania 17120

IRWIN A. POPOWSKY
Consumer Advocate

April 21, 1993

(717) 783-5048

RECEIVED

APR 21 1993

SECRETARY'S OFFICE
Public Utility Commission

John G. Alford, Secretary
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265

Re: Pennsylvania Public Utility
Commission

RLS

v.

Commonwealth Telephone Company
Docket No. I-00920020

Dear Mr. Alford:

Enclosed for filing in the above-cited docket are an original and three copies of the OCA's Response to Objections and Motion to Compel.

Very truly yours,

Mark Shostak

Mark J. Shostak
Assistant Consumer Advocate

Enclosures

cc: Service List

RLS

DOCUMENT
FOLDER

RECEIVED

APR 21 1993

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

ORIGINAL RECEIVED

APR 21 1993

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

COMMONWEALTH TELEPHONE
COMPANY

:
:
:
:
DOCKET NO. I-00920020
:
:
:

OCA's RESPONSE TO OBJECTIONS AND MOTION TO COMPEL

Pursuant to 52 Pa. Code 5.343(e), the Office of Consumer Advocate ("OCA"), hereby responds to the April 9, 1993 Objections of Commonwealth Telephone Company (CTCo or the Company) to OCA's interrogatory Set VI Nos. 32-41 and moves that CTCo be compelled to answer OCA's interrogatory.

1. The OCA notes that the Commission in its July 9, 1992 Order indicated that this investigation should focus in part on CTCo's affiliated transaction expense. As the Commission stated:

Our review and analysis of the data submitted by the Commonwealth Telephone Company ("Commonwealth") suggests that Commonwealth may have incurred an increase in its Parent Corporation Management Service Fees.

Upon the circumstances, we believe that a further investigation into the appropriateness of Commonwealth's affiliated transactions, in particular the Parent Corporation Management Service fees, is warranted consonant with Section 331(a) of the Public Utility Code, 66 Pa. C.S. §331(a). Therefore, we conclude that it is necessary for us to obtain additional detailed information about this increase as well as the total annual payment of Management Services Fees by Commonwealth to its parent corporation.

DOCKETED
APR 28 1993

DOCUMENT
FOLDER

Pennsylvania Public Utility Commission v. Commonwealth Telephone Company, I-00920020, July 9, 1992, Order at 2.

Question No. 32.

2. OCA's Interrogatory Set VI No. 32 requests CTCo to provide the minutes from C-TEC's Compensation Committee meetings held in 1990, 1991, 1992 and 1993. In addition, the OCA requests all Compensation Committee reports for the years 1990, 1991, 1992 and 1993. CTCo objects to providing the minutes from C-TEC's Compensation Committee meetings and reports on the basis of relevance and confidentiality.

3. The OCA's requested information relates to questions asked by the Public Utility Commission in interrogatories attached to its initial April 9, 1992 Order in this proceedings. The PUC in interrogatories attached to its April 9, 1992 Order asked CTCo to explain the increases in its corporate operations expense. The PUC requested the following information:

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.

Pennsylvania Public Utility Commission v. Commonwealth Telephone Company, I-00920020, April 8, 1992, Order Attachment A. CTCO's response to the PUC's questions indicates that \$1.74 million or 29% of the \$6 million increase in corporate operations expense is attributable to increases in corporate management services fees charged to CTCO's corporate executive expense account. The OCA submits that C-TEC's executive compensation makes up a significant portion of the parent corporate management service fees charged to CTCO's corporate executive expense account, and thus the requested information is relevant to the Commission's inquiry.

4. The OCA submits that a significant portion of C-TEC's executive compensation is charged to CTCO as a parent corporate management service fee through an allocation factor and thus paid for by CTCO's ratepayers. The OCA anticipates that it may be making an adjustment to the amount of C-TEC's executive compensation charged through corporate management service fees to CTCO, an affiliate transaction expense. The information requested is relevant to such an adjustment because it concerns C-TEC's support for its level of executive compensation. Moreover, the requested information concerns CTCO's affiliated transaction expense; an issue the Commission has directed parties to examine in this proceeding. Pennsylvania Public Utility Commission v. Commonwealth Telephone Company, I-00920020, July 9, 1992, Order At 3. Therefore, the OCA submits that this information is relevant and that the OCA is entitled to this information under the Commission's rules of discovery.

5. The OCA submits that the requested information, while sensitive in nature, is not necessarily proprietary. See, 52 Pa. Code §5.423. First, the compensation and benefits of the five highest paid executives of C-TEC is public information. The SEC requires disclosure of this information in corporate proxy statements. In addition, C-TEC's 1988-1992 proxy statements provide the total cash compensation for all of C-TEC's executive officers as a group. Second, C-TEC's proxy statements discuss in general terms the process and criteria used to determine executive salaries and other benefits. Finally, the OCA submits that ratepayers have a right to know the basis for the substantial amounts of incentive compensation and bonuses that C-TEC's executives are receiving because ratepayers pay a substantial portion of these expenses. Therefore, the OCA submits that it would be inappropriate to reject discovery of this information as confidential as a means of denying the OCA access to this information through discovery.

6. If this information is required to be produced and CTCo claims the information is proprietary, the OCA will abide by the protection agreement between the OCA and CTCo which indicates that the OCA won't disclose information as it is initially stamped confidential. Of course, the OCA retains the ability to challenge such a claim of confidentiality, but will not disclose such information until such issue is resolved.

Question No. 33.

7. OCA's Interrogatory Set VI No. 33 requests CTCo to provide the minutes from C-TEC's Board of Director meetings held in 1991, 1992 and 1993. CTCo objects to providing the minutes from C-TEC's Board of Directors meetings on the basis of relevance and confidentiality.

8. The OCA submits that the requested information is relevant to a number of adjustments that the OCA may make to CTCo's affiliate transaction expenses. Specifically, C-TEC charges CTCo for a number of affiliated transactions. These affiliate transaction charges are for services in the areas of human resources, external relations, accounting and finance, information management, as well as, formulating corporate policy and providing overall administration and management of CTCo. CTCo also pays a significant portion of C-TEC's Board of Director Fees through the allocation of management services fees. The OCA seeks this information so that it may consider making an adjustment to one or more of these affiliate transaction expenses.

9. The OCA submits that the decisions made by C-TEC's Board of Directors influence C-TEC's expenses in each of these areas. As such, the requested information is relevant to OCA's examination of CTCo's affiliated transaction expenses - an issue the Commission has directed parties to examine in this proceeding. Id. Therefore, the OCA submits that this information is relevant and that the OCA is entitled to this information under the Commission's rules of discovery.

Question No. 34.

10. OCA's Interrogatory Set VI No. 34 requests CTCo to provide the names of the company's in the selected peer group shown in a chart on page 11 of C-TEC's 1993 proxy statement. See, Attachment A to this Motion. C-TEC compares its five year cumulative total return with this peer group in a chart on page 11 of its proxy statement. CTCo objects to this request on the grounds of relevance.

11. The OCA submits that the requested information may be relevant to the issue of C-TEC's corporate executive expense. Specifically, the OCA anticipates that comparisons of C-TEC's rate of return to other company's rate of return over the last five years may be relevant to C-TEC's level of corporate executive expense or comparative earnings levels. Therefore, the OCA submits that the requested information is relevant and the OCA is entitled to this information under the Commission's rules of discovery.

Question No. 35.

12. OCA's Interrogatory Set VI No. 35 requests that CTCo describe all significant changes that have occurred in CTCo's operations as a result of C-TEC executive management actions that have resulted in substantial savings to CTCo for the years 1989, 1990, 1991, 1992 and 1993 and to indicate the amount of savings from each change and the total amount of savings realized by CTCo. CTCo objects to this request on the grounds of relevance and burden.

13. The OCA submits that the requested information is relevant to the PUC's inquiry described above and to consideration of an appropriate level of CTCO's corporate executive expense. Specifically, the requested information concerns a defense that CTCO may present for the increases that have occurred in its corporate executive expenses. The OCA notes that a significant portion of CTCO's corporate executive expense is made up of C-TEC executive compensation allocated to CTCO through parent corporation management service fees. As such, the requested information concerns an issue that the PUC has inquired into and an issue that may lead to an adjustment to CTCO's expenses. Therefore, the OCA submits that the requested information is relevant and that discovery of this information is appropriate under the Commission's rules of discovery.

14. The requested information is not unduly burdensome to produce. The OCA submits that the requested information is developed as part of normal business operations. As an operating business, CTCO, no doubt, analyzes the cost effectiveness of its business decisions. Furthermore, the OCA submits that the requested information is of significant importance to ratepayers. Specifically, because CTCO ratepayers are paying costs for a portion of C-TEC's corporate executive expenses that have increased substantially over the last several years, CTCO ratepayers have a right to know the benefits that they have received for such expenses. As such, the OCA submits that what burden this request places on CTCO is far outweighed by the public interest served by

the production of this information. Therefore, the Commission should direct CTCo to produce the requested information.

Question No. 36.

15. OCA's Interrogatory Set VI No. 36 requests CTCo to provide the actual factors used in C-TEC's executive compensation program for the years 1989-1993 and to explain the development of these factors for each year. CTCo objects to this request on the grounds of relevance and burden.

16. The OCA submits that the requested information is relevant to the PUC's inquiry described above and to consideration of the proper amount of CTCo's corporate executive expense. Specifically, the requested information concerns C-TEC's methodology for determining a large portion of its executive compensation. C-TEC 1993 Proxy Statement Page 7, See, Attachment A. Increases in C-TEC's executive compensation, as noted above, accounts for a significant portion of CTCo's increase in corporate executive expense over the last several years. As such, the requested information concerns an issue that the PUC has inquired into and an issue that may lead to an adjustment to CTCo's expenses. Therefore, the OCA submits that the requested information is relevant and this information is discoverable under the Commission's rules of discovery.

17. CTCo's production of the requested information is not unduly burdensome because C-TEC in setting its executive compensation for the years 1989-1993 developed the information requested by the OCA. The OCA does not believe that CTCo needs to

recreate what C-TEC has already produced. Instead, CTCO should be able to obtain this information from C-TEC along with the requested explanations. Furthermore, the OCA notes that the C-TEC/CTCO affiliated interest agreement provides for the transfer information. See attachment B. As such, the OCA submits that CTCO's production of the requested information is not unduly burdensome and the Commission should direct CTCO to provide the requested information.

Question No. 37.

18. OCA's Interrogatory Set VI No. 37 requests CTCO to indicate how the investments emphasized in C-TEC's executive compensation program will benefit CTCO's ratepayers and how executive action has expanded CTCO regulated activity. C-TEC 1993 Proxy Statement page 7, See, Attachment A. CTCO objects to this request on the grounds of relevance and burden.

19. The OCA submits that the requested information is relevant to the PUC's questions described above and to an adjustment that the OCA may make to CTCO's corporate executive expense. Specifically, the requested information concerns important goals that C-TEC uses for determining a large portion of its executive compensation. Increases in C-TEC's executive compensation as explained above accounts for a significant portion of CTCO's increase in corporate executive expense. As such, the requested information concerns an issue that the PUC has inquired into and an issue that may lead to an adjustment to CTCO's expenses by the OCA. Therefore, the OCA submits that the requested

information is relevant and the OCA is entitled to this information under the Commission's rules of discovery.

20. The OCA submits that CTCo's production of the requested information is not unduly burdensome. C-TEC has probably evaluated the costs and benefits of each of its recent investments or investments projected for the near future. As such, CTCo should be able to obtain this information from C-TEC and from this information determine how such investments benefit CTCo ratepayers. The relevant pages from the CTCo/C-TEC affiliated interest agreement, G-890182, is attached as Attachment B. This agreement indicates in Section 6.2 that C-TEC will provide to CTCo all reasonable information required by CTCo, or any government authorities having jurisdiction over CTCo with respect to affiliated transactions. Furthermore, if no such analysis exists, the OCA submits that because CTCo ratepayers are charged for a significant portion of C-TEC's executive compensation, CTCo's ratepayers have a right to know how the investment goals of C-TEC's compensation programs benefit CTCo's ratepayers. Therefore, even if the production of the information requested by the OCA is somewhat burdensome, the Commission should direct CTCo to produce the requested information.

Question No. 38.

21. OCA's Interrogatory Set VI No. 38 requests CTCo to indicate the strategic objectives that C-TEC's executive compensation program is designed to motivate key senior executives to achieve. C-TEC 1993 Proxy Statement Page 7, See, Attachment A.

CTCo objects to this request on the grounds of relevance and confidentiality.

22. The OCA submits that the requested information is relevant to the PUC's questions set forth above and to an evaluation of the reasonableness of CTCo's corporate executive expense. Specifically, the requested information concerns objectives that C-TEC uses for determining a large portion of its executive compensation. Increases in C-TEC's executive compensation, as noted above, accounts for a significant portion of the increase in corporate executive expense for CTCo over the last several years. As such, the requested information concerns an issue that the PUC has inquired into and an issue that may lead to an adjustment to CTCo's expenses. Therefore, the OCA submits that the requested information is relevant and discoverable under the Commission's rules of discovery.

23. The OCA does not dispute that this information may qualify as confidential. The OCA notes that a protective agreement exists between the OCA and CTCo. If such material is marked confidential pursuant to the protective agreement such information will not be disclosed. Furthermore, given the value of this information to ratepayers' interest, the OCA submits the confidential nature of this information should not keep this information from OCA review. As such, the Commission should direct CTCo to provide the requested information.

Question No. 39.

24. OCA's Interrogatory Set VI No. 39 requests CTCO to provide the data supporting C-TEC's claim in its proxy statement that its executive compensation program is designed to provide compensation and growth opportunities which are comparable to those offered by other leading companies. C-TEC Proxy Statement Page 7, See Attachment A. CTCO objects to this request on the grounds of relevance and confidentiality.

25. The OCA submits that the requested information is relevant to the PUC's inquiry described above and to an adjustment that the OCA may make to CTCO's corporate executive expense. Specifically, the requested information concerns comparisons that C-TEC uses for determining its level of executive compensation. Increases in C-TEC's executive compensation, as noted above, account for a significant portion of the increases in corporate executive expense that CTCO has experienced over the last several years. As such, the requested information concerns an issue that the PUC has inquired into and an issue that may lead to an adjustment to CTCO's expenses. Therefore, the OCA submits that the requested information is relevant and the OCA is entitled to this information under the Commission's rules of discovery.

26. If CTCO claims that this information qualifies as confidential material, the OCA will abide by the protective agreement which exists between the OCA and CTCO. Furthermore, given the value of this information to ratepayers interest, the confidential nature of this information should not prevent the OCA

from examining it. As such, the Commission should direct CTCo to provide the information requested.

Question No. 40.

27. OCA's Interrogatory Set VI No. 40 requests CTCo to indicate the number of senior executives C-TEC has had for each of the last five years and provide the total compensation for this group for each of the last five years. CTCo objects to this request on the grounds of relevance.

28. The OCA submits that the requested information is relevant to the PUC's inquiry described above and to an adjustment to CTCo's corporate executive expense. The requested information concerns support that C-TEC provides for its level of executive compensation for its highest paid executive officer. Specifically, C-TEC claims in its 1993 proxy statement at page 8 that due to the actions of its top executive officer it has been able to function over the last few years with a smaller group of senior executives. See Attachment A. As this appears to be support for the level of compensation that C-TEC gives to its top executive, this information is relevant to an adjustment that the OCA may make to CTCo's corporate executive expense.

29. Furthermore, increases in C-TEC's executive compensation, accounts for a significant portion of CTCo's increase in corporate executive expense over the last several years. As such, the requested information concerns an issue that the PUC has inquired into and an issue that may lead to an adjustment to CTCo's expenses. Therefore, the OCA submits that the requested

information is relevant and the OCA is entitled to this information under the Commission's rules of discovery.

Question No. 41.

30. OCA's Interrogatory Set VI No. 41 requests CTCo to provide and explain how the formula used in C-TEC's long-term bonuses, which relates actual operating results to predetermined objectives for C-TEC's consolidated operations, was used to calculate the bonuses for each of C-TEC's senior executives for the years 1991 and 1992. C-TEC 1993 Proxy Statement Page 8, See Attachment A. CTCo objects to this request on the grounds of relevance and burden.

31. The OCA submits that the requested information is relevant to the PUC's inquiry described above and to an examination of CTCo's corporate executive expense. Specifically, the requested information concerns the methodology used by C-TEC to determine a large portion of its executive compensation. Increases in C-TEC's executive compensation, as noted above, accounts for a significant portion of CTCo's increase in corporate executive expenses. As such, the requested information concerns an issue that the PUC has inquired into and an issue that may lead to an adjustment to CTCo's expenses by the OCA. Therefore, the OCA submits that the requested information is relevant and the OCA is entitled to this information under the Commission's rules of discovery.

32. Furthermore, CTCo's production of the requested information is not unduly burdensome. The OCA believes that C-TEC has performed the requested analysis and can provide the

explanations requested by the OCA. As such, CTCO should be able to obtain this information from C-TEC. See, attachment B. Because CTCO ratepayers are charged for a significant portion of C-TEC's executive compensation, CTCO's ratepayers have a right to know the supporting data for this level of compensation whether or not it is a burden for CTCO to produce such information.

WHEREFORE, for the reasons herein, the OCA respectfully moves that CTCO's objection be overruled and that CTCO be directed to immediately provide the data requested in OCA's interrogatory Set VI Nos. 32 to 41. The information the OCA has requested is relevant to the issues in this proceeding and necessary for the OCA to present a proper case to the Commission.

Respectfully submitted,

Mark Shostak

Mark J. Shostak
Assistant Consumer Advocate

Counsel for:
Irwin A. Popowsky
Consumer Advocate

Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120
(717) 783-5048

Dated: April 21, 1993

ATTACHMENT A



C-TEC
CORPORATION

46 Public Square, P.O. Box 3000, Wilkes-Barre, Pennsylvania 18703-3000 • (717) 825-1100

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
APRIL 22, 1993

The Annual Meeting of Shareholders of C-TEC Corporation (the "Company") will be held at The Bernards Inn, 27 Mine Brook Road, Bernardsville, New Jersey, on Thursday, April 22, 1993 at 10:30 A.M., local time. In accordance with the By-Laws of the Company, the Board of Directors has determined to fix the size of the Board at seven members. The meeting will be held for the following purposes:

1. To elect two Directors to Class III to serve for a term of three years.
2. To act upon such other matters as may properly come before the meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 1, 1993 will be entitled to vote at the meeting either in person or by proxy.

In order to insure that your shares are represented and are voted in accordance with your wishes, IT WILL BE APPRECIATED IF YOU WILL DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ACCOMPANYING ENVELOPE. You are cordially invited to attend the meeting and, if you do so, you may personally vote your shares regardless of whether you have signed a proxy.

RAYMOND B. OSTROSKI,
Secretary

Dated: March 17, 1993

C-TEC CORPORATION PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of C-TEC Corporation, a Pennsylvania corporation (the "Company"), to be used at the Annual Meeting of Shareholders of the Company to be held on Thursday, April 22, 1993 at 10:30 A.M., local time, at The Bernards Inn, 27 Mine Brook Road, Bernardsville, New Jersey, and at any adjournment or postponement thereof. Shares represented by properly executed proxies will be voted at the meeting. Where a direction is specified with regard to any of the proposals to be acted upon, the proxy will be voted in accordance with such direction. If no direction is specified, the proxy will be voted in accordance with the recommendations of the Board of Directors. Any proxy may be revoked at any time insofar as it has not been exercised. Shareholders may revoke proxies by written notice to the Company, or by delivery of a proxy bearing a later date, or by personally appearing at the meeting and casting a contrary vote. This proxy statement and the accompanying proxy are first being mailed to shareholders on or about March 17, 1993. The address of the Company's principal executive offices is 46 Public Square, P.O. Box 3000, Wilkes-Barre, PA 18703-3000.

The close of business on March 1, 1993 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof. On February 1, 1993, there were outstanding 7,961,177 shares of Common Stock and 8,522,416 shares of Class B Common Stock of the Company. Shareholders will be entitled to one vote per share for Common Stock and fifteen votes per share for Class B Common Stock on all matters to be submitted at the meeting and are entitled to cumulative voting rights with respect to the election of Directors. Under cumulative voting, a shareholder's total vote (the number of shares held multiplied by the number of Directors to be elected) may be cast entirely for one candidate or distributed among two or more candidates. The persons named in the accompanying proxy may, at their discretion, cumulate the votes which they are authorized to cast. If a shareholder is a participant in the C-TEC Corporation Common-Wealth Builder Plan, the proxy card will indicate the number of shares held beneficially by the participant in the plan and the proxy card will serve as a voting instruction for the trustee of the plan.

ELECTION OF DIRECTORS

At the Annual Meeting, shareholders will elect two Directors to Class III to serve for a three-year term.

It is the intention of the persons named in the accompanying form of proxy, unless other directions are given, to vote their proxies at the meeting for the election of the persons named in the tabulation below to serve as Directors for the terms indicated and until their successors are duly elected and qualified. All nominees have consented to be named and to serve if elected. In case a person named in the tabulation is unable to serve (which is not anticipated), the proxyholders will vote for another nominee of their choice.

Nominees for election to Class III of the Board of Directors are as follows:

Class III
(To serve for a three-year term)

S.E. Graham
W.B. Sordoni

Information as of February 1, 1993 concerning the Directors whose terms will continue after the Annual Meeting and the above nominees is set forth below:

<u>Name</u>	<u>Age</u>	<u>Principal Occupation and Business Experience During Past Five Years; Directorships</u>	<u>Director Since</u>
S. E. Graham.....	47	Chairman, President and Chief Executive Officer, Sordoni Skanska Construction Co., Parsippany, NJ; President and Chief Executive Officer, Sordoni Construction Co., Parsippany, NJ	1990
F. M. Henry.....	59	President, Frank Martz Coach Company, Wilkes-Barre, Pa.; President, White Transit Co., Wilkes-Barre, Pa.; President, Gold Line, Inc., Tuxedo, Md. and Washington, D.C.; Member, Board of Commissioners, Pennsylvania Department of Transportation; Director, First Fidelity Bancorporation and Merchants Bank North	1980
C. E. Parente.....	52	President and Chief Executive Officer of the Company since January 1988; President, Commonwealth Telephone Company; Vice President, Evergreen Capital Corp., Forty Fort, Pa.; Vice President, Sordoni Enterprises, Inc., Forty Fort, Pa.; Director and President, Mercom, Inc., Wilkes-Barre, Pa.	1987
D. G. Reinhard	65	President and Chief Executive Officer, Pencor Services, Inc., Palmerton, Pa.; President and Chief Executive Officer, Blue Ridge Cable Television, Inc. and Blue Ridge CATV Inc., Palmerton, Pa.; President and Chief Executive Officer, Palmerton Telephone Company, Palmerton, Pa.	1991
E. Roth.....	57	Partner, Rosenn, Jenkins and Greenwald (Attorneys), Wilkes-Barre, Pa.; Director, Fidelity Bank and Merchants Bank, North	1989
A. J. Sordoni, III	49	Chairman of the Board of the Company; Chairman of the Board, Commonwealth Telephone Company; Chairman of the Board, Evergreen Capital Corp., Forty Fort, Pa.; Chairman of the Board, Sordoni Enterprises, Inc., Forty Fort, Pa.; Chairman of the Board, Whiteman Tower, Inc., Forty Fort, Pa.; Director, HARSCO Corporation, Camp Hill, Pa; Director and Chairman, Mercom, Inc., Wilkes-Barre, Pa.	1979
W. B. Sordoni	48	Vice Chairman of the Company; Vice Chairman, Commonwealth Telephone Company; President, Evergreen Capital Corp.; Forty Fort, Pa.; President, Sordoni Enterprises, Inc., Forty Fort, Pa.; Vice Chairman, Whiteman Tower, Inc., Forty Fort, Pa.; Chairman, Enterprise Telcom Services, Inc., Blue Bell, Pa.; Director, Mercom, Inc., Wilkes-Barre, Pa.	1979

C. E. Parente and D. G. Reinhard are members of Class I with terms expiring in 1994 and F.M. Henry, E. Roth and A.J. Sordoni, III, are members of Class II with terms expiring in 1995.

Ownership of Stock

Security Ownership of Management

The following tables set forth certain information as of February 1, 1993 with respect to the beneficial ownership of the Common Stock and Class B Common Stock of the Company by the Directors, nominees and executive officers. If a Director or nominee owns less than one percent of the stock, no percentage is shown under the heading "Percent of Class." The "Total" columns are unlikely to represent the sum of the related columns because most forms of ownership require that the same shares be disclosed in two of the columns.

Because the shares of Class B Common Stock are convertible at the option of the holder into shares of Common Stock on a one-for-one basis at any time and from time to time, the "Assuming Conversion" columns in the Common Stock table reflect the effect of such conversion by showing the total shares of Common Stock which would be beneficially owned upon conversion by each individual or by the group as well as the related percentage of shares which would be beneficially owned by such individual or by the group assuming no other conversions. The "Percent of Class" columns represent ownership, not voting interest. Shares of Common Stock have one vote per share and shares of Class B Common Stock have 15 votes per share. In addition, shares of both classes can be voted cumulatively.

COMMON STOCK:

Directors/Executive Officers	Without Conversion					Assuming Conversion		
	Sole Voting Power	Sole Investment Power	Shared Voting Power	Shared Investment Power	Total	Percent of Class (Approx.)	Total	Percent of Class (Approx.)
COMMON STOCK:	Shares Outstanding	1/31/93	7,961,177					
Graham, S. E.	6	6	0	0	6		1,666	
Henry, F. M.	41,040	41,040	0	0	41,040		64,137	
Parente, C. E. (1)(2)	8,093	9,832	572,612	570,092	580,705	7.29%	5,528,368	42.83%
Reinhard, D. G.	0	0	1,000	1,000	1,000		1,000	
Roth, E.	0	0	0	0	0		3,996	
Sordoni, A. J. III (1)	6,284	7,065	496,914	416,589	503,198	6.32%	5,818,893	43.83%
Sordoni, W. B. (1)	794	794	496,914	416,589	497,708	6.25%	5,640,253	43.04%
Thomas, Jack H.	0	0	0	0	0	0.00%	7,500	
Mazza, Paul W.	0	0	0	0	0	0.00%	17,500	
Executive Officers	4,237	4,237	1,500	1,500	5,737		41,804	
All Directors, Nominees & Executive Officers as a Group (16 persons) (2) ...	60,454	62,974	575,112	572,592	635,566	7.98%	6,066,571	45.30%

CLASS B COMMON STOCK:

	Sole Voting Power	Sole Investment Power	Shared Voting Power	Shared Investment Power	Total	Percent of Class (Approx.)
CLASS B STOCK:	Shares Outstanding	1/31/93	8,522,416			
Graham, S. E. (3)	1,220	1,220	440	440	1,660	
Henry, F. M.	23,097	23,097	0	0	23,097	
Parente, C. E. (1)(3)	11,075	11,075	4,936,588	4,316,857	4,947,663	58.05%
Reinhard, D. G.	0	0	0	0	0	
Roth, E.	396	396	3,600	3,600	3,996	
Sordoni, A. J., III (1)(3) ...	2,405	155,905	5,313,290	4,576,286	5,315,695	62.37%
Sordoni, W. B. (1)(3)	1,526	67,916	5,141,019	4,404,015	5,142,545	60.34%
Thomas, Jack H.	0	0	7,500	7,500	7,500	
Mazza, Paul W.	0	0	17,500	17,500	17,500	
Executive Officers	2,333	2,333	33,734	33,734	36,067	
All Directors, Nominees & Executive Officers as a Group (16 persons) (3)(4)	42,052	261,942	5,388,953	4,829,063	5,431,005	63.73%

- (1) With respect to the shares of Common Stock and Class B Common Stock beneficially owned by C.E. Parente, A.J. Sordoni, III and W.B. Sordoni, reference should be made to the information concerning the "Control Group" set forth in the section entitled *Security Ownership of Certain Beneficial Owners*.
- (2) Includes 75,698 shares of Common Stock owned by C.E. Parente's wife and children, as to which he disclaims beneficial ownership.
- (3) Includes the following shares of Class B Common Stock owned by the wife and/or children of each of the following, as to which each disclaims beneficial ownership: S.E. Graham, 440 shares; C.E. Parente, 31,501 shares; A.J. Sordoni, III, 228,500 shares; W.B. Sordoni, 199,770 shares; and directors, nominees and officers as a group, 460,211 shares.
- (4) Includes an aggregate of 26,000 shares of Class B Common Stock which certain officers may acquire during the 60-day period beginning February 1, 1993 by exercising stock options outstanding under the Company's 1984 Stock Option and Stock Appreciation Rights Plan.

Security Ownership of Certain Beneficial Owners

The following table sets forth certain information with respect to the beneficial ownership of shares of Common Stock and Class B Common Stock of the Company by any person or group known to the Company to be a beneficial owner of more than five percent of either class of shares. The "Total" columns are unlikely to represent the sum of the related columns because most forms of ownership require that the same shares be disclosed in two of the columns.

Because the shares of Class B Common Stock are convertible at the option of the holder into shares of Common Stock on a one-for-one basis at any time and from time to time, the "Assuming Conversion" columns in the Common Stock table reflect the total shares of Common Stock which would be beneficially owned upon conversion by each group as well as the related percentage beneficially owned by such group assuming no other conversions. The "Percent of Class" columns represent ownership not voting interest. Shares of Common Stock have one vote per share and shares of Class B Common Stock have 15 votes per share. In addition, shares of both classes can be voted cumulatively. The 587,793 shares of Common Stock and 5,448,154 shares of Class B Common Stock beneficially owned by the Control Group on February 1, 1993 represent approximately 60.61% of the votes for the election of directors, assuming no votes are cumulatively cast and no conversion of shares of Class B Common Stock to shares of Common Stock.

COMMON STOCK:

	Without Conversion					Assuming Conversion		
	Sole Voting Power	Sole Investment Power	Shared Voting Power	Shared Investment Power	Total	Percent of Class (Approx.)	Total	Percent of Class (Approx.)
Mario J. Gabelli								
Group (1)	1,341,928	1,380,628	267,000	267,000	1,647,628	20.70%	2,495,447	28.33%
Control Group (2)	15,171	17,691	572,612	570,092	587,783	7.38%	6,035,937	45.01%
Capital Group (3)	100,000	617,000	0	0	617,000	7.75%	617,000	7.75%

CLASS B STOCK:

	Sole Voting Power	Sole Investment Power	Shared Voting Power	Shared Investment Power	Total	Percent of Class (Approx.)
Mario J. Gabelli						
Group (1)	769,319	800,819	47,000	47,000	847,819	9.95%
Control Group (2)	15,006	284,737	5,433,148	4,813,417	5,448,154	63.93%
Capital Group (3)	0	0	0	0	0	

- (1) Based on information obtained from Schedule 13Ds and amendments thereto for the Common Stock and the Class B Common Stock filed through January 19, 1993 with the Securities and Exchange Commission (the "SEC") by Mario J. Gabelli, together with GAMCO Investors, Inc., Gabelli Funds, Inc., Gabelli Performance Partnership, Gabelli International Limited and Gabelli & Co., all of whose address is One Corporate Center, Rye, New York 10580-1434.
- (2) The Control Group consists of A. J. Sordoni, III, W. B. Sordoni and S. Sordoni (the "Sordoni Brothers") and C. E. Parente. In addition to shares of Common Stock and Class B Common Stock owned directly by members of the Control Group, they, as a group, control, directly or indirectly, Evergreen Capital Corp., which in turn controls Sordoni Enterprises, Inc., Whiteman Tower, Inc. and Owen & Murray Partners. The beneficial ownership of each other member of the Control Group other than S. Sordoni is reflected under the section entitled *Security Ownership of Management*. As of February 1, 1993, S. Sordoni beneficially owned a total of 496,914 shares of Common Stock and 4,937,215 shares of Class B Common Stock as follows: Common Stock—shared voting power, 496,914 shares; shared investment power, 416,589 shares; and Class B Common Stock—sole investment power, 49,841 shares; shared voting power, 4,937,215 shares; shared investment power, 4,200,211 shares. These figures include 32,128 shares of Class B Common Stock owned by S. Sordoni's wife and children, as to which he disclaims beneficial ownership. The address of the Control Group is 45 Owen Street, Forty Fort, Pennsylvania 18704.

The Sordoni Brothers and C. E. Parente, through a partnership controlled by Mr. Parente, are parties to an Evergreen Capital Corp. shareholders' agreement, pursuant to which (a) the transfer of shares of Evergreen Capital Corp. is restricted and subject to certain rights of first refusal and, on the part of Evergreen Capital Corp., obligations to repurchase shares of Evergreen Capital Corp. on certain events including death, (b) the Sordoni Brothers and C. E. Parente, or such of them as are ready, willing and able to serve, will be elected to be the Board of Directors of Evergreen Capital Corp. and (c) the shares of Common Stock and Class B Common Stock of the Company owned by Evergreen Capital Corp. or its directly or indirectly owned subsidiaries (including Sordoni Enterprises, Inc., and Whiteman Tower, Inc.) shall be voted or caused to be voted as determined by the affirmative vote of a majority of the Evergreen Capital Corp. Board of Directors. As of February 1, 1993, Evergreen Capital Corp. and its subsidiaries owned 56,100 shares of Common Stock and 3,435,987 shares of Class B Common Stock.

A joint voting agreement dated as of February 28, 1991 among each of the Sordoni Brothers, C. E. Parente, Sordoni Enterprises, Inc., Whiteman Tower, Inc. and Owen & Murray Partners provides that shares of Common Stock and Class B Common Stock of the Company which from time to time the signatories have the sole power to vote or direct the vote (other than those shares held in an Individual Retirement Account or in a trust which forms part of a qualified retirement plan) shall be voted in unison as determined by the affirmative vote of a majority of the Evergreen Capital Corp. Board of Directors. The effect of the joint voting agreement is to add to the shares of Common Stock and Class B Common Stock covered by the above described voting arrangements under the shareholders' agreement 360,489 shares of Common Stock and 732,096 shares of Class B Common Stock owned by Owen & Murray Partners and shares of Common Stock and Class B Common Stock owned directly by each of the Sordoni Brothers and C. E. Parente, individually, and by C. E. Parente jointly with his spouse. The shares owned by Owen & Murray Partners had previously been voted by C. E. Parente as the managing general partner of Owen & Murray Partners. This joint voting agreement became effective on March 1, 1991 when a series of applications was granted by the Federal Communications Commission ("FCC") authorizing transfer of control (as defined by the FCC) of the Company to the signatories of the joint voting agreement.

Owen & Murray Partners have entered into a Credit Agreement dated as of February 1, 1991 with a commercial bank (the "Bank"), the identity of which has been filed separately with the

SEC, pursuant to which the Bank has provided the Owen & Murray Partners with a revolving principal credit line of \$17,000,000. The entire principal credit line was borrowed by Owen & Murray Partners on March 8, 1991 and used to refinance a portion of the indebtedness incurred by Owen & Murray Partners to Sordoni Enterprises, Inc. and others in connection with the purchase by Owen & Murray Partners of Common Stock and Class B Common Stock of the Company. The obligations of Owen & Murray Partners under the Credit Agreement are secured, among other things, by a pledge of all the shares of Common Stock and Class B Common Stock owned by Owen & Murray Partners and Whiteman Tower, Inc. as well as a guarantee by Evergreen Capital Corp. As of March 1, 1991 an aggregate of 416,589 shares of Common Stock and 4,168,083 shares of Class B Common Stock were pledged to the Bank as security for the obligations under the Credit Agreement.

The shares of Common Stock shown as beneficially owned by the Control Group include 75,698 shares owned by C. E. Parente's wife and children, as to which he disclaims beneficial ownership. The shares of Class B Common Stock shown as beneficially owned by the Control Group include 491,899 shares owned by the wife and/or children of members of the Control Group, as to which each disclaims beneficial ownership.

- (3) As of December 31, 1992, Capital Guardian Trust Company and Capital Research and Management Company, operating subsidiaries of The Capital Group, Inc., ("CG") exercised investment discretion with respect to the ownership of the Company's Common Stock by various institutional investors. No managed account by itself owns 5% or more of the Company's stock, but it is only as a result of the aggregation and attribution rules established by the SEC that the above disclosure was made pursuant to a Schedule 13G filed with the SEC by CG on February 11, 1993. The principal business address of The Capital Group, Inc. is 333 South Hope Street, Los Angeles, California 90071.

COMPENSATION COMMITTEE REPORT

Under rules established by the SEC, the Company is required to provide certain data and information in regard to the compensation and benefits provided to its five most highly compensated executive officers who are: A. J. Sordoni, III, Chairman; W. B. Sordoni, Vice Chairman; C. E. Parente, President and Chief Executive Officer; J. H. Thomas, Executive Vice President and Chief Operating Officer and P. W. Mazza, Executive Vice President of the Telephone Group ("Executive Officers"). The disclosure requirements for these Executive Officers include the use of tables and a report explaining the rationale and considerations that led to fundamental executive compensation decisions pertaining to those individuals. In fulfillment of this requirement, the Compensation Committee, consisting of E. Roth, Esquire, Chairman; C. J. Fitze and S. E. Graham, ("Compensation Committee") at the direction of the Board of Directors, has prepared the following report for inclusion in this Proxy Statement.

Compensation Philosophy

This report reflects the Company's compensation philosophy as endorsed by the Board of Directors and its Compensation Committee and resulting actions taken by the Company for the reporting periods shown in the various compensation tables supporting this report. The Compensation Committee recommends to the Board of Directors payment amounts and award levels for senior management of the Company and its subsidiaries. With regard to compensation actions pertaining to the Executive Officers, all of the members of the Board of Directors acted as the approving body except C. E. Parente, A. J. Sordoni, III and W. B. Sordoni who abstained from said action by the Board.

Essentially, the executive compensation program of the Company has been designed to:

- Provide compensation, consisting of base salary, short-term incentive compensation and long-term incentive compensation based upon factors which are designed to emphasize continued growth in revenues and operating cash flow because consistent growth in these factors is viewed to be the most significant contributor to enhanced long-term shareholder value;
- Motivate and encourage senior executives to be aggressive in expanding existing businesses as well as entering new telecommunications-related businesses for the purpose of enhancing the long-term shareholder value of the Company without concern for the impact such expansion will have on the short-term operating results of the Company or the possible negative impact such short-term results could have on their compensation;
- Support a pay-for-performance policy that differentiates compensation amounts based on corporate, business unit and individual performance;
- Motivate key senior executives to achieve strategic business objectives and reward them for their achievement;
- Provide compensation and growth opportunities which are comparable to those offered by other leading companies, thus allowing the Company to attract and retain talented executives.
- Provide reasonable compensation and benefits to enable key senior executives to concentrate their efforts on the Company's objective of enhancing long-term shareholder value rather than having their attention diverted from the Company's long-term objectives.

At present, the executive compensation program comprises base salary, annual cash incentive opportunities, long-term cash incentive opportunities, life insurance programs and other benefits typically offered to executives by major corporations. The granting of stock options has been a part of the executive compensation program in the past with the last grant made in 1987. Each year since 1988 stock options have been considered by the Compensation Committee as they were during 1992 but no options were granted.

As an executive's level of responsibility increases, a greater portion of their potential total compensation opportunity is based on performance incentives and less on base salary and benefits, causing greater potential variability in the individual's absolute compensation level from year-to-year.

Annual Compensation and Bonus for 1992

Effective February 1, 1992, the Board of Directors, acting on the recommendation of the Compensation Committee, increased the salaries paid to the Executive Officers. These increases were based upon the consideration of competitive data provided by the Company's Human Resources Department, the Committee's and the Board's assessment of the performance of the Executive Officers over the last year, recognition of the position tenure and internal comparability considerations.

Executive Officers were awarded, in February of 1993, cash bonus awards pursuant to the guidelines set forth in the 1992 Executive Short-Term Incentive Plan ("Short-Term Plan") and based upon a review of the performance of their particular operating or staff group as well as the Company's overall performance in 1992 in attaining strategic business initiatives, non-financial

objectives and financial objectives as set forth in the Short-Term Plan. The Short-Term Plan was adopted by the Board of Directors in early 1992 at the recommendation of the Compensation Committee. The Short-Term Plan contains specific criteria for measuring awards granted to Executive Officers of the Company, other than the Messrs. Sordoni and Parente. In determining the amount of bonus paid to C. E. Parente, A. J. Sordoni, III and W. B. Sordoni, the Board of Directors, upon the recommendation of the Compensation Committee, considered the performance measures listed above, that the Company had exceeded its revenue and cash flow expectations, and that the Company had exceeded other corporate goals and objectives during 1992. They also considered Mr. Parente's leadership qualities and his ability to build and motivate an effective senior management team to sustain the Company's achievement toward its long-term objectives. Another important consideration of the Board was the fact that the Company has been able to function effectively during the last few years with a smaller group of senior executives than were with the Company when Mr. Parente took over five years ago. At the same time, the Company has experienced continuing growth and expansion. This efficiency has resulted in correlating improvements in the Company's operating results over the same period of time. As to the bonuses paid to Messrs. Sordoni, the Compensation Committee considered their contributions to the combined effectiveness of the Senior Management group and their individual contributions to the overall success of the Company during 1992.

Long-Term Bonus

The long-term bonus is the result of the Company's Senior Management Long Term Incentive Plan ("Long-Term Plan") which commenced January 1, 1989 and which will terminate December 31, 1993. Payment under the Long-Term Plan is set up to take place at three different dates. The first bonus installment was paid to the Executive Officers based on performance through December 31, 1991, the second installment was based on performance through the end of 1992 while the third installment is based on performance through the end of 1993. The long-term bonus is premised upon the consolidated operations of the Company's businesses. The specific long-term payments to the Executive Officers are determined by a mathematical formula which relates actual operating results to predetermined objectives for the Company's consolidated operations for the years 1989 through 1993.

No member of the Compensation Committee is a former or current officer or employee of the Company or any of its subsidiaries.

Compensation Committee

E. Roth, Esquire, Chairman
C. J. Fitze
S. E. Graham

Cash Compensation

The following table sets forth the cash compensation paid to the Company's five most highly compensated executive officers over the last three fiscal years.

I. SUMMARY COMPENSATION TABLE

Name and Position	Year	Annual Compensation			Long Term Compensation			(C)(D) All Other Compensation (\$)
		Salary (\$)	(A) Bonus (\$)	(B)(C) Other Annual Comp. (\$)	Awards		Payouts	
					Restricted Stock (\$)	Options/ SARs (\$)	LTIP Payouts (\$)	
C. E. Parente	1992	587,885	342,000	-0-	-0-	-0-	1,230,434	69,084
President & Chief Executive Officer	1991	530,260	267,500				1,088,178	
	1990	485,985	270,000				-0-	
A. J. Sordoni, III	1992	430,385	250,000	-0-	-0-	-0-	903,380	41,699
Chairman of the Board	1991	390,565	197,000				802,098	
	1990	358,396	200,000				-0-	
W. B. Sordoni	1992	218,769	127,000	-0-	-0-	-0-	459,173	38,000
Vice Chairman	1991	198,291	100,000				407,595	
	1990	182,238	102,000				-0-	
J. H. Thomas	1992	222,115	75,000	-0-	-0-	-0-	467,901	6,249
Executive Vice President & Chief Operating Officer	1991	203,327	65,000				417,526	
	1990	187,308	46,000				-0-	
P. W. Mazza	1992	144,231	40,000	-0-	-0-	-0-	299,427	5,555
Executive Vice President— Telephone Group	1991	128,885	47,000				262,072	
	1990	108,777	24,000				-0-	

- (A) Senior managers of the Company are eligible for incentive compensation awards under the Company's Short-term Incentive Plan (the "Incentive Plan"), whereby, senior management establishes, and the Compensation Committee and the Board of Directors approve, annual performance objectives for each participant and the bonus awards which may be granted under the Incentive Plan. The award of a performance bonus to a participant is made by, and at the sole discretion of, the Board of Directors after evaluation of how well each participant has met his performance objectives. Bonuses were paid to senior managers pursuant to the Incentive Plan in December 1992 and are included in the above table.
- (B) The aggregate amounts paid to the executive officers named above did not exceed the lesser of (i) \$50,000 or (ii) ten percent (10%) of the total annual salary and bonus' reported for each individual.
- (C) Information for years ending prior to December 31, 1992 is not required to be disclosed.
- (D) The amounts shown in this column for the last fiscal year are derived from the following figures: (i) C. E. Parente: \$61,476—Company paid split-dollar insurance premium; \$4,800—401(k) Company Match; \$2,808—Company paid life insurance; (ii) A. J. Sordoni, III: \$36,029—Company paid split-dollar insurance premium; \$4,800—401(k); \$870 Company paid life insurance; (iii) W. B. Sordoni: \$37,130—Company paid split-dollar insurance premium; \$870 Company paid life insurance; (iv) J. H. Thomas: \$4,800—401(k); \$1,449 Company paid life insurance; (v) P. W. Mazza: \$4,760—401(k); \$795 Company paid life insurance. Details of the Plans are set forth under Summary of Compensation Plans.

II. Aggregate Option/SAR Exercised in Last Fiscal Year and Year End Option/SAR Values

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Unexercised Options at Year End (#)	*Value of Unexercised In-the-Money Options at Year End (\$)	Number of Unexercised SARs at Year End (#)	*Value of Unexercised In-the-Money SARs at Year End (\$)
			(Exercisable/Unexercisable)	(Exercisable/Unexercisable)	(Exercisable/Unexercisable)	(Exercisable/Unexercisable)
C. E. Parente	-0-	-0-	-0/-0-	-0/-0-	-0/-0-	-0/-0-
A. J. Sordoni, III	-0-	-0-	5,000/-0-	37,750/-0-	10,000/-0-	67,500/-0-
W. B. Sordoni	-0-	-0-	5,000/-0-	37,750/-0-	10,000/-0-	67,500/-0-
J. H. Thomas	-0-	-0-	7,500/-0-	56,625/-0-	15,000/-0-	101,250/-0-
P. W. Mazza	-0-	-0-	2,500/-0-	18,875/-0-	5,000/-0-	33,750/-0-

* Market Value of Class B Common Stock at year-end, minus the exercise price of the options and the base price of the SARs.

III. Long-Term Incentive Plans—Awards in Last Fiscal Year

Name	Number of Shares, Units or Other Rights	(B) Minimum (\$)	(A) Estimated Future Payouts Under Non-Stock Price-Based Plans		
			(C) Threshold (\$)	(D) Target (\$)	(E) Maximum (\$)
C. E. Parente	Last year of five (5) year plan	\$0	\$128,494	\$675,756	\$949,388
A. J. Sordoni III	Last year of five (5) year plan	0	91,629	493,527	694,476
W. B. Sordoni	Last year of five (5) year plan	0	46,846	251,163	353,321
J. H. Thomas	Last year of five (5) year plan	0	34,890	240,721	343,636
P. W. Mazza	Last year of five (5) year plan	0	29,088	161,171	227,213

(A) The awards paid under the long term incentive plan are premised upon the consolidated operating results of C-TEC's business segments. The specific long term payments to the executive officers are determined to a formula which relates certain measures of actual operating results to certain objectives for C-TEC's consolidated operating results for the years 1989 through 1993. The payout in 1992 was determined based upon the ratio of the time period elapsed since inception of the plan to the total time period until final maturation. This ratio is then applied to the award earned to date under the plan's formula for award determination. The first bonus installment was paid to the Executive Officers based on performance through the end of 1991, the second installment was based on performance through the end of 1992 while the third and final installment is based on performance through the end of 1993. Under the terms of Company's Long-Term Incentive Plan, the Compensation Committee has the option to modify the Plan's formula for award determination to adjust for certain events and/or changed circumstances.

(B) The minimum award represents the lowest amount payable under the plan.

(C) The threshold award is the minimum amount payable under the plan if certain performance levels are attained. However, no awards will be paid under the plan unless certain performance levels are attained.

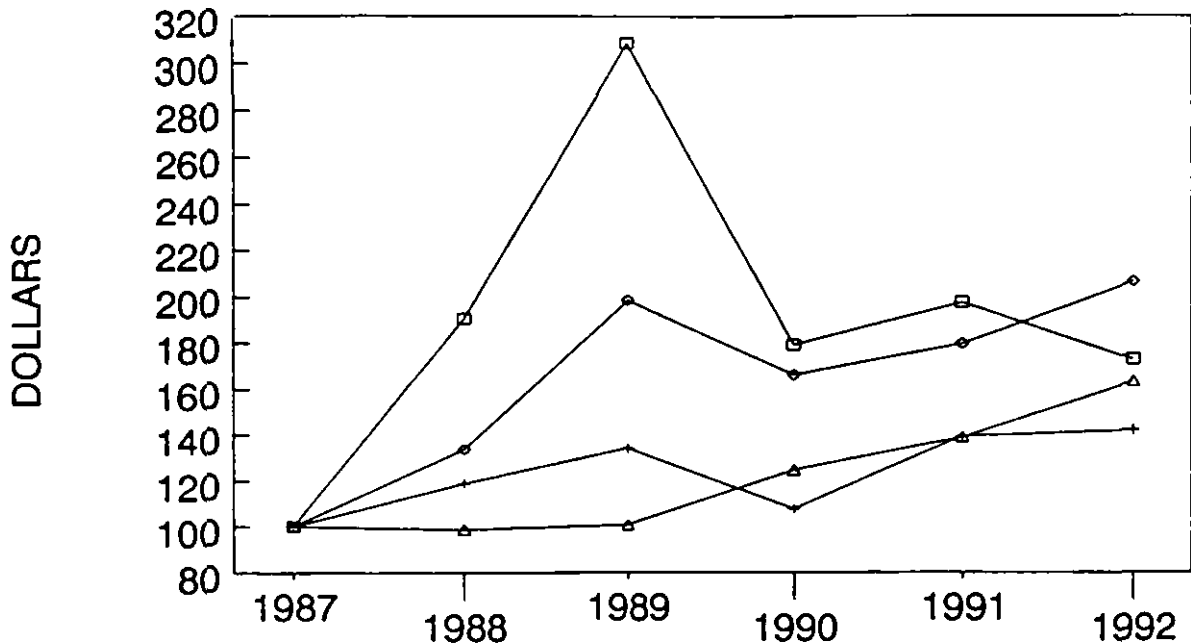
(D) Since the target award is not determinable, the target amount is based on the previous fiscal year's performance.

(E) The maximum award is the highest amount payable under the plan.

IV. FIVE YEAR SHAREHOLDER RETURN COMPARISON

The SEC requires that the Company include in this proxy statement a line-graph presentation comparing cumulative, five year shareholder returns on an indexed basis with a broad market index and either a nationally recognized industry standard or an index of peer companies selected by the Company. Since the Company's stock trades on NASDAQ's over-the-counter market, management has selected a broad market index comprised of all companies listed by NASDAQ during the five year measurement period. This index was supplied by Media General Financial Services, an independent third-party source. Management has selected a group of three peer companies based on their similarities to the Company in its major lines of business. The companies were chosen based on location and size of system for the mobile services group, number of access lines for telephone, long distance and communications services groups and number of subscribers for the cable group. The index for this peer group was also supplied by Media General Financial Services. Additionally, the Company has chosen to include a graph of its operating cash flows, defined as operating income before depreciation and amortization. This measure is viewed by the Company to be one of the most significant contributing factors to enhanced long-term shareholder value. This measure is also a key component of executive compensation, as discussed in the compensation committee report.

**Comparison of Five Year Cumulative Total Return
C-TEC Corporation, NASDAQ Broad Market Index,
Company Selected Peer Group and C-TEC Operating Cash Flows**



C-TEC	100.00	191.50	311.67	180.77	199.47	174.54
Industry						
Peer Group	100.00	133.79	198.34	165.89	179.75	206.42
NASDAQ	100.00	118.93	134.20	107.70	139.33	141.99
Cash Flow	100.00	98.75	100.68	124.53	139.02	163.24

Assumes \$100 invested on January 1, 1988 in each relevant index. Reinvestment of dividends is assumed.

□ C-TEC Corporation
+ NASDAQ Broad Market Index
◇ Company Chosen Peer Group
△ C-TEC Corporate Cash Flow

Compensation Committee Interlocks and Insider Participation

Mr. Roth served on the Company's Compensation Committee in 1992. He is a partner in Rosenn, Jenkins and Greenwald, which serves as local counsel to the Company.

A. J. Sordoni, III, W. B. Sordoni and C. E. Parente, directors and executive officers of the Company, serve as directors and executive officers of Evergreen Capital Corp. ("Evergreen"), Enterprise Telecom Services, Inc. ("Telcom"), Sordoni Enterprises, Inc. ("Enterprises"), Sordoni Construction Service, Inc. ("Construction"), Whiteman Towers, Inc. ("Whiteman") and Mercom, Inc. ("Mercom"). In 1992, the Company paid an aggregate of \$562,165 to Construction, Senate, Telcom and Whiteman, for the purchase of certain equipment, supplies and services and for building construction and repair. See "Security Ownership of Management," "Security Ownership of Certain Beneficial Owners" and "Transactions with Management and Certain Concerns." A subsidiary of the Company owns approximately 42.63% of the outstanding shares of Mercom's common stock. Mercom is managed by a subsidiary of the Company pursuant to a management agreement that provides for the payment to the Company of a management fee. The amount of payment received by the subsidiary for services rendered during 1992 was \$976,166.

Employment Agreements

Mr. A. J. Sordoni's compensation is determined pursuant to an employment agreement which provides that he will be employed until the later of January 31, 1995 or three years after notice of termination is given by the Company, subject to earlier termination in certain circumstances, including termination by the Company for cause (as defined in the agreement) or by Mr. Sordoni following a change in control of the Company (as defined in the agreement) which significantly and adversely affects the conditions of his employment. Mr. Sordoni will receive a base salary of \$363,200 per year, subject to annual review for increases and awards of stock options and such other forms of compensation as may be determined by the Board of Directors of the Company. He may also participate in any employee benefit plan which the Company provides to its executive officers as well as a split-dollar insurance plan. If Mr. Sordoni is permanently disabled, he will receive his base salary for two years, and 60% of his base salary thereafter, but not beyond normal retirement age. If the agreement is terminated by the Company for cause, upon Mr. Sordoni's death or by Mr. Sordoni's resignation, Mr. Sordoni's compensation will cease. If the agreement is terminated by the Company without cause or by Mr. Sordoni following a change in control which significantly and adversely affects the conditions of his employment, Mr. Sordoni will receive his base salary, and his benefits will continue to accrue, for the unexpired portion of the employment term.

Mr. W. B. Sordoni's compensation is determined pursuant to an employment agreement which provides that he will be employed until the later of January 31, 1995 or three years after notice of termination is given by the Company, subject to earlier termination in certain circumstances, including termination by the Company for cause (as defined in the agreement) or by Mr. Sordoni following a change in control of the Company (as defined in the agreement) which significantly and adversely affects the conditions of his employment. Mr. Sordoni will receive a base salary of \$184,680 per year, subject to annual review for increases and awards of stock options and such other forms of compensation as may be determined by the Board of Directors of the Company. He may also participate in any employee benefit plan which the Company provides to its executive officers as well as a split-dollar insurance plan. If Mr. Sordoni is permanently disabled, he will receive his base salary for two years, and 60% of his base salary thereafter, but not beyond normal retirement age. If the agreement is terminated by the Company for cause, upon Mr. Sordoni's death or by Mr. Sordoni's resignation, Mr. Sordoni's compensation will cease. If the agreement is terminated by the Company without cause or by Mr. Sordoni following a change in control which significantly and adversely affects the conditions of his employment, Mr. Sordoni will receive his base salary, and his benefits will continue to accrue, for the unexpired portion of the employment term.

Mr. Parente's compensation is determined pursuant to an employment agreement which provides that he will be employed until the later of December 31, 1992 or three years after notice of termination is given by the Company, subject to earlier termination in certain circumstances, including termination by the Company for cause (as defined in the agreement) or by Mr. Parente following a change in control of the Company (as defined in the agreement) which significantly and adversely affects the conditions of his employment. Mr. Parente will receive a base salary of \$400,000 per year, subject to annual review for increases and awards of stock options and such other forms of compensation as may be determined by the Board of Directors of the Company. He may also participate in any employee benefit plan which the Company provides to its executive officers, as well as a split-dollar insurance plan. Mr. Parente will be entitled to an annual supplemental pension commencing at age 65 equal to the excess of (a) .5% per month of service (up to a maximum of 60 months) multiplied by his average base compensation during his highest paid 60 consecutive months of service over (b) the annual benefits (if any) which would be payable to him under the Company's Pension Plan. If Mr. Parente is permanently disabled, he will receive his base salary for two years, and 60% of his base salary thereafter, but not beyond normal retirement age. If the agreement is terminated by the Company for cause, upon Mr. Parente's death or by Mr. Parente's resignation, Mr. Parente's compensation will cease. If the agreement is terminated by the Company without cause or by Mr. Parente following a change in control which significantly and adversely affects the conditions of his employment, Mr. Parente will receive his base salary, and his benefits will continue to accrue, for the unexpired portion of the employment term. Under the agreement, Mr. Parente was granted an option, to purchase 10,000 shares (which became 30,000 shares as a result of a stock split in 1989) of the Company's Class B Common Stock at a price of \$.001 per share. Mr. Parente exercised this option on January 4, 1988.

Summary of Compensation Plans

The Common-Wealth Builder Employee Savings Plan ("Common-Wealth Builder Plan")

This Plan is qualified under Section 401 of the Internal Revenue Code. The Common-Wealth Builder Plan provides an opportunity for employees who elect to participate to defer payment of federal income taxes on contributions of up to the lesser of 10% of their base salary or \$8,728. Eligible full-time employees and part-time employees working at least 1,000 hours annually who have completed one year of service may participate in the Plan. The Company contributes an amount equal to 55% of each participating employee's contribution, up to a maximum of the lesser of \$4,800 or 3.3% of the employee's base salary. Federal income tax on Company contributions and subsequent earnings are also deferred until withdrawal.

Employee contributions and earnings thereon are invested at the employee's direction in certain investment funds. Company contributions are invested in whichever investment fund is selected by the participant for their basic contributions. The investment options for participants include a Company Com-Share Fund, consisting generally of shares of Common Stock and Class B Common Stock of the Company. Participants are no longer permitted to make additional investments in Class B Common Stock through the Com-Share Fund. Participants have the right to direct the trustee of the plan as to how to vote the shares of Common Stock and Class B Common Stock held by the Fund that are allocated to them. Shares allocated to officers under the Common-Wealth Builder Plan are included in the total number of shares reported as beneficially owned by such persons in the tables set forth under the caption "Ownership of Stock."

Split-Dollar Insurance Plan

During 1990, the Board of Directors approved a Split-Dollar Insurance Plan covering select members of the Office of the Executive Officers and their spouses whereby a portion of the annual premiums are advanced by the Company and a portion of the annual premiums are paid by the participants. Management estimates the value of the premium advance to be approximately \$147,752 in 1992.

The Company has an ownership interest in the insurance contracts enabling the Company to recover the premiums paid, without interest, upon payment of policy proceeds, the participant's retirement or the participant's termination of employment. Participants are paid additional compensation sufficient to cover their premium costs plus any income taxes due on additional compensation. During 1992, A.J. Sordoni, III, W.B. Sordoni and C.E. Parente participated in the Split-Dollar Insurance Plan.

Senior Management Long-Term Incentive Plan

Senior managers of the Company are eligible for incentive compensation awards under the Company's Senior Management Long-Term Incentive Plan ("Long-Term Plan"). Under the Long-Term Plan, the Board of Directors and the Compensation Committee establish an incentive award pool based on financial objectives for the Company as a whole. The award of a bonus from the award pool to a participant is made by, and at the sole discretion of, the Board of Directors after evaluation of how well the Company has met its financial objectives. Bonuses were paid to Senior Managers pursuant to the Long-Term Plan in 1992 as shown in the Summary Compensation table.

Stock Option and Stock Appreciation Rights Plan

The 1984 Stock Option and Stock Appreciation Rights Plan ("Plan") was adopted by the Board of Directors in February 1984 and approved by the shareholders of the Company at the 1984 Annual Meeting of Shareholders. The Company's Compensation Committee, composed of three non-management Directors who are not eligible to receive grants under the Plan, is authorized to grant Stock Options ("Options") and Stock Appreciation Rights ("SARS") to key employees selected by the Committee. The Compensation Committee has sole discretion to determine the number of options to be granted and the participating key employees. Up to 150,000 shares of the Company's Common Stock, 300,000 shares of the Company's Class B Common Stock and 900,000 SARs may be issued under the Plan. An Option gives the employee the right to purchase shares of stock for a specified price during a specified period. Options may be either incentive stock options or non-qualified stock options. SARs give the employee the right to receive its "value" in cash, shares of stock, or both, as approved by the Committee. The value of SARs is equal to the excess of the fair market value of one share of stock on the date of exercise over the fair market value on the date of grant.

In January 1988, the Board of Directors amended the Plan to provide that, at the discretion of the Compensation Committee, the option exercise price and the optionee's tax liability upon exercise may be paid by the delivery of Company stock having a market value equal to the exercise price and/or the tax liability. These amendments will not apply to outstanding options unless the Compensation Committee amends the option agreements to so provide. These amendments are intended to provide greater flexibility in structuring the benefits under the Plan to respond to changes in tax, accounting and securities law rules applicable to stock options.

In March 1988, the plan participants agreed to convert their 1986 incentive stock options to non-qualified stock options ("NQSOS") and surrender their stock appreciation rights and were granted 1¼ NQSOS for each stock appreciation right surrendered for cancellation.

The Year End Option/SAR Values table sets forth the information relating to Options and SARs exercisable under the Plan. No options or SARs have been granted since 1987.

Pension Plan

The Company's pension plan is a defined benefit plan computed on an actuarial basis giving effect to retirement at a specified age and after a specified number of years' service. Accrued benefits are vested after five years' service. The Company made no contributions to the plan in 1992. The plan

covers eligible full-time employees of the Company and its subsidiaries, as well as part-time employees working at least 1,000 hours annually. The following table shows the estimated annual retirement benefits, expressed in the form of a single life annuity payable at normal retirement age, to persons in specified remuneration and years-of-service classifications under the pension plan.

Average Earnings*	Annual Benefits for Years of Service				
	15	20	25	30	35
\$125,000	\$23,153	\$30,870	\$38,588	\$46,305	\$ 54,023
150,000	28,215	37,620	47,025	56,430	65,835
175,000	33,278	44,370	55,463	66,555	77,648
200,000	38,340	51,120	63,900	76,680	89,460
225,000	43,403	57,870	72,338	86,805	101,273
250,000	48,465	64,620	80,775	96,930	113,085

* Average Earnings is the average of base annual compensation in effect on January 1 of a calendar year (not including incentive compensation) for the five consecutive full calendar years of service out of the last ten such years which produce the highest average. Benefit amounts are not subject to any deduction for social security or other amounts.

The base compensation taken into consideration in determining pension benefits and the credited years of service for the individuals named in the compensation table are as follows:

	Covered Base Compensation	Years of Service
A. J. Sordoni, III	\$228,860	13
W. B. Sordoni	212,000	9
C. E. Parente	228,860	5
J. H. Thomas	215,000	7
P. W. Mazza	140,000	21

Effective for plan years commencing after December 31, 1991, no more than \$228,860 of compensation can be included in calculating a plan participant's accrued benefit.

Transactions with Management and Certain Concerns

During 1992, the Company and its subsidiaries paid a total of \$562,165 to Enterprise Telcom Services, Inc., Senate Construction Company, and Whiteman Tower Inc., corporations indirectly owned and controlled by A.J. Sordoni, III, W.B. Sordoni, S. Sordoni and C.E. Parente, for the purchase of certain equipment, supplies and services, and for building construction and repair, in the ordinary course of its business.

F. M. Henry is a principal in Martz Travel and Frank Martz Coach Company which performs travel services for the Company and its subsidiaries. A total of \$109,571 was paid by the Company and its subsidiaries to Martz Travel during 1992.

F. M. Henry and C. E. Parente, together with his spouse, each own a 50% partnership interest in Frank M. Henry Associates, which leases office space in Martz Tower, 46 Public Square, Wilkes-Barre, Pa., to the Company under a renewed two-year lease which expires June 1, 1994. A total of \$282,944 was paid by the Company to Frank M. Henry Associates for rent, utility, parking and maintenance services for the period January 1, 1992 through December 31, 1992.

E. Roth is a partner in Rosenn, Jenkins and Greenwald which serves as local counsel for the Company and its subsidiaries.

The Company's policy is to make all purchases, contracts and borrowings at competitive rates, terms and/or prices. Directors do not participate in discussions or voting of the Board of Directors relating to transactions in which they may have a direct or indirect interest.

Information about the Board and its Committees

The Board of Directors of the Company held five regularly scheduled meetings in 1992. The Board of Directors has standing Executive, Audit, Compensation and Pension Committees, but does not have a Nominating Committee. The Committee members as of March 1, 1993, were as follows:

<u>Executive Committee</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Pension Committee</u>
*A. J. Sordoni, III	*F. M. Henry	*E. Roth	*C. J. Fitze
W. B. Sordoni	S. E. Graham	C. J. Fitze	C. E. Parente
C. E. Parente	D. G. Reinhard	S. E. Graham	W. B. Sordoni
			J. E. Bogdan
			J. J. Menapace

* Designates Chairman of the respective committees.

The Executive Committee of the Company held one meeting in 1992. The Committee approved the Proxy Statement and Notice of Annual Meeting of Shareholders, and authorized Company investments. This committee also presents names of prospective candidates to serve on the Board of Directors.

The Audit Committee of the Company held two meetings in 1992. The Committee (i) discussed matters concerning the audit of the annual financial statements, (ii) considered the Company's internal audit program, (iii) discussed required communications to the Audit Committee by external auditors, (iv) recommended the selection of the independent auditors to audit the accounts of the Company and its wholly-owned subsidiaries for fiscal 1992, and (v) discussed matters of concern to the Audit Committee, the auditors or management.

The Compensation Committee of the Company held one meeting in 1992. The Committee made recommendations to the Board of Directors concerning the salaries and incentive compensation awards for the top levels of management of the Company and its subsidiaries and established compensation policy. The Compensation Committee also administered the Company's Short-Term Incentive Compensation, Long-Term Incentive Plan, and Stock Option and Stock Appreciation Rights Plans.

The Pension Committee of the Company held three meetings in 1992. The Committee reviewed and evaluated the investment performance of the various pension investment funds and monitored the performance of the administrators, investment managers and trustees of such funds, as well as reviewed the actuarial assumptions used in setting the Company's funding policies for such funds.

Directors of the Company and Commonwealth Telephone Company ("CTCo") who are not officers of the Company are currently paid a \$900 monthly retainer and \$500 for each Company and CTCo board meeting attended. Committee Chairmen are paid \$500 and other committee members are paid \$300 for each committee and subsidiary board meeting (other than CTCo) attended. During 1992, compensation paid to outside directors for services rendered in such capacity was as follows: S.E. Graham \$16,600, F.M. Henry \$14,800, D.G. Reinhard \$16,400 and E. Roth \$16,300.

OTHER MATTERS

The Board of Directors does not know of any other matters that may come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxy in accordance with their judgment on such matters.

GENERAL INFORMATION

Matters Regarding Auditor

The Board of Directors of the Company has retained Coopers & Lybrand as independent auditors of the Company and its wholly-owned subsidiaries and Parente, Randolph, Orlando, Carey & Associates as auditors of the Company's Common-Wealth Builder Plan and Pension Plan. Representatives of Coopers & Lybrand, whose report on the Company's financial statements for the year ended December 31, 1992 appears in the Company's Annual Report to Shareholders, and Parente, Randolph, Orlando, Carey & Associates are expected to be present at the Annual Meeting and will have the opportunity to make statements, and to respond to appropriate questions from shareholders.

Financial Information

A copy of the Company's 1992 Annual Report to Shareholders containing the Consolidated Financial Statements of the Company, including the report thereon dated February 26, 1993 of Coopers & Lybrand, independent accountants, has been mailed to shareholders.

Upon the written request of any person who on March 1, 1993 was a record owner of the Company's Stock, or who represents in good faith that he was on such date a beneficial owner of such Stock entitled to vote at the Annual Meeting, the Company will send to such person, without charge, a copy of its Annual Report on Form 10-K for 1992, as filed with the Securities and Exchange Commission. Requests for the Report should be directed to:

Thelma J. Marshall
Assistant Secretary and Administrative Assistant
C-TEC Corporation
46 Public Square, P.O. Box 3000
Wilkes-Barre, PA 18703-3000

Solicitation of Proxies

The Company will bear the cost of solicitation of proxies. In addition to the use of the mail, proxies may be solicited by officers, directors and regular employees of the Company, personally or by telephone or telegraph, and the Company may reimburse persons holding stock in their names or those of their nominees for their expenses in forwarding soliciting materials to their principals.

It is important that proxies be returned promptly. Therefore, shareholders are urged to fill in, date, sign and return the enclosed proxy in the enclosed envelope, to which no postage need be affixed if mailed in the United States, even though expecting to attend the meeting in person.

Shareholders' Proposals

Any shareholder who desires to submit a proposal to be considered for inclusion in the proxy statement and proxy of the Company relating to the 1994 Annual Meeting of Shareholders must submit such proposal in writing to the Company by December 1, 1993. Such proposals should be hand delivered or mailed, return receipt requested, to the Secretary of the Company.

By order of the Board of Directors.



Raymond B. Ostroski
Secretary

Dated: March 17, 1993

ATTACHMENT B

SERVICES AGREEMENT

MDI 10/11/89

THIS IS AN AGREEMENT between Commonwealth Telephone Company ("CTCo") and C-TEC Corporation, formerly Commonwealth Telephone Enterprises, Inc., a Pennsylvania corporation ("C-TEC"). CTCo is a wholly-owned subsidiary of C-TEC.

RECEIVED

BACKGROUND **6890182** NOV 30 1989

SECRETARY'S OFFICE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

A. CTCo is an operating public utility which provides local exchange services within the Commonwealth of Pennsylvania to the Counties of Berks, Bradford, Bucks, Carbon, Chester, Columbia, Dauphin, Lackawanna, Lancaster, Lehigh, Luzerne, Lycoming, Monroe, Northampton, Schuylkill, Sullivan, Susquehanna, Tioga, Wyoming, and York.

B. C-TEC is organized into five operating groups: The Telephone Group, the Cable Television Group, the Communications Services Group, the Mobile Services Group, and the Information Services Group (individually, a "Group").

C. In order to maximize efficiency, avoid duplicative staff, and provide the greatest possible expertise and best facilities in a cost effective manner, C-TEC has undertaken to provide certain services and functions, as hereinafter more particularly described, on behalf of its subsidiaries, including CTCo. In addition, CTCo provides products and/or services of a type which may be desired by C-TEC. This Agreement sets forth the services which may be performed by the parties hereto for each other, and the terms and conditions pursuant to which such services are to be provided.

D. This Agreement is intended to supersede certain Agreements between the parties which are presently on file with the Pennsylvania Public Utility Commission ("PUC") and the Rural Electrification Administration ("REA"). Copies of said agreements are attached as Exhibits A through C hereto.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and intending to be legally bound hereby, the parties hereby agree as follows:

1. Services to be Provided by C-TEC.

DEC 8 1989

1.1 Services: C-TEC will provide qualified employees to perform services for or on behalf of CTCo, when and as needed by CTCo, including without limitation the following services:

1.1.1 Executive Management: Manage or assist in the management of CTCo in order to promote the efficient, economical and professional operation of CTCo;

parties, such agreement shall be subject to the approval of the Administrator.

5.2 Default: The parties hereto agree that any default by any of the parties in performing this Agreement may be considered by the Administrator to be an event of default" under the applicable party's Mortgage (deed of trust).

5.3 Successors and Assigns: Neither of the parties shall have the right to assign this Agreement, except to the United States of America, without the consent in writing of the other party and of the Administrator. Upon consent being obtained, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

5.4 Parties' Rights Subordinate to Rights of USA: The rights of the parties under this Agreement shall be subject and subordinate to the rights of the United States of America under (i) loan contract and any other agreements which may thereafter be entered into between CTCo and the United States of America with respect to loans, and (ii) any mortgage (deed of trust) and any amendments or supplements thereto heretofore or hereafter made by CTCo to the United States of America (or a trustee) for the purpose of securing a loan or loans.

5.5 Rights and Benefits Accrue to Benefit of USA: All of the rights herein conferred upon the parties to this Agreement and every promise herein made for their benefit shall, in addition to the rights herein directly conferred upon the United States of America and every promise made for its benefit, accrue also to the benefit of the United States of America and be enforceable by the Administrator.

6. Retention of Records:

6.1 By C-TEC: C-TEC will maintain accurate information and records relative all amounts billable to and payments made by CTCo hereunder, in accordance with generally accepted accounting practices. C-TEC shall retain such records for Services covered by this Agreement for a period of three (3) years from the date of CTCo payment.

6.2 Inspection of Records: Upon request of CTCo, C-TEC will make the information and records required by paragraph 6.1 hereof available to CTCo for inspection. Further, C-TEC shall furnish to CTCo all reasonable information required by CTCo, or any government authorities having jurisdiction over CTCo with respect to such sales.

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission
v.
Commonwealth Telephone Company
Docket No. I-00920020

I hereby certify that I have this day served a true copy of the foregoing document, Office of Consumer Advocate's Response to Objections and Motion to Compel, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 21st day of April, 1993.

SERVICE IN PERSON

Kandace F. Melillo
Office of Trial Staff
PA Public Utility Commission
Room 210, North Office Bldg.
Harrisburg, PA 17120

Hon. George M. Kashi
Administrative Law Judge
PA Public Utility Commission
Room G-08A, North Office Bldg.
Harrisburg, PA 17120

Norman J. Kennard, Esq.
Tucker Arensberg, P.C.
116 Pine Street
Harrisburg, PA 17101

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Scott Burnside, V.P.
Revenue & Public Affairs
Commonwealth Telephone Co.
100 Lake Street
Dallas, PA 18612

Mark A. Keffer, Esq.
American Telegraph
& Telephone
Room 3A2
3201 Jermantown Road
Fairfax, VA 22030

Mark Shostak
Mark J. Shostak
Assistant Consumer Advocate

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

COMMONWEALTH TELEPHONE COMPANY

:
:
:
:
:
:
:

Docket No. I-00920020

AMENDED
NOTICE OF APPEARANCE

To The Secretary:

Please amend the appearance of the Office of Trial Staff
of the Pennsylvania Public Utility Commission as follows in the above-
captioned proceeding.

Prosecutor(s) for the Office of Trial Staff, in addition
to the undersigned, will now be:

Kandace F. Melillo, Esquire
Carol F. Pennington, Esquire

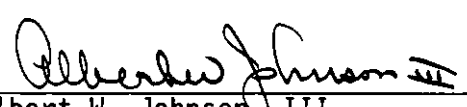
All service on and communications to the Office of Trial
Staff in this proceeding should be addressed to:

Kandace F. Melillo, Esquire
Prosecutor - Office of Trial Staff
Pa. Public Utility Commission
210 North Office Building
Post Office Box 3265
Harrisburg, PA 17105-3265
(717) 787-1976

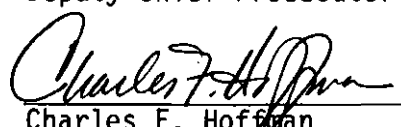
RECEIVED

APR 26 1993

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division



Albert W. Johnson III
Deputy Chief Prosecutor



Charles F. Hoffman
Chief Prosecutor

Date: April 26, 1993

DOCKETED
MAY 04 1993
DOCUMENT
FOLDER

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document(s), either personally, by FAX and/or by first class mail, upon the persons addressed below:

Honorable George M. Kashi
Administrative Law Judge
Pa. Public Utility Commission
G08 North Office Building
Post Office Box 3265
Harrisburg, PA 17105-3265

John D. Filipowicz, Counsel
Commonwealth Telephone Company
46 Public Square
Post Office Box 3000
Wilkes-Barre, PA 18703-3000

Scott Burnside, Vice President
Regulatory and Public Affairs
Commonwealth Telephone Company
100 Lake Street
Dallas, PA 18612

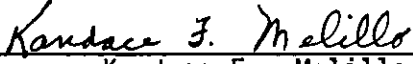
Phillip F. McClelland, Assistant
Consumer Advocate
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Norman James Kennard, Esquire
Tucker Arensberg, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101

Mark A. Keffer, Attorney
AT&T Communications of PA
Room 3A2
3201 Jermantown Road
Fairfax, VA 22030-2885

Mr. Thomas S. Catlin, Vice Pres.
Exeter Associates
10801 Lockwood Drive
Silver Spring, MD 20901

Bernard A. Ryan, Jr., Esquire
Small Business Advocate
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101



Kandace F. Melillo
Prosecutor - Office of Trial Staff
Pennsylvania Public Utility Commission

Date: April 26, 1993

I-00920020

April 26, 1993

John G. Alford, Secretary
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**RE: PA PUC v. COMMONWEALTH TELEPHONE COMPANY
DOCKET NO. I-00920020**

Dear Secretary Alford:

Enclosed please find for filing with the Commission an original and two copies of Commonwealth Telephone Company's Objections to Office of Consumer Advocate Interrogatories (Set VII) in the above captioned matter.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

James P. Melia
JAMES P. MELIA

JPM:th
ctco\setvii.obj
ENCLOSURES

DOCUMENT
FOLDER

RECEIVED
APR 26 1993

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

ORIGINAL

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED
MAY 11 1993

PENNSYLVANIA PUBLIC UTILITY
COMMISSION,

v.

COMMONWEALTH TELEPHONE
COMPANY

:
:
:
:
:
:
:
:
:
:
:

Docket No. I-00920020

Public Utility Commission
CLERK'S BUREAU
Information Control Division

**OBJECTIONS OF COMMONWEALTH TELEPHONE COMPANY
TO OFFICE OF CONSUMER ADVOCATE
INTERROGATORIES (SET VII)**

AND NOW, comes Commonwealth Telephone Company ("CTCO"), by and through its attorneys, Tucker Arensberg, P.C., and objects to Office of Consumer Advocate ("OCA") Interrogatories (Set VII) Nos. 11 and 12 pursuant to the Rules of Administrative Practice and Procedure of the Pennsylvania Public Utility Commission ("Commission") 52 Pa. Code §1.56 and §5.342(c) and (d), and in support thereof, CTCO avers as follows:

1. On April 15, 1993, the OCA served Set VII of its Interrogatories in the above-captioned proceeding.
2. CTCO objects to certain Interrogatories contained in Set VII for the reasons set forth below:

Interrogatory No. 11

Please provide annual income statements and balance sheets for CTCO and other affiliates for the years 1990, 1991 and 1992.

Interrogatory No. 12

Please provide a Statement of Cash Flows and a Statement of Financial Condition for CTCO and its affiliates for the years 1990, 1991, and 1992.

DOCKETED
MAY 04 1993


DOCUMENT
FOLDER

OBJECTION:

CTCO objects to providing the information requested in Interrogatory Nos. 11 and 12 on the basis of over breadth and relevance. CTCO believes the requests to be irrelevant and over-broad since OCA requests annual income statements, balance sheets, statements of cash flows and statements of financial condition for all C-TEC affiliates, not just CTCO. CTCO will supply the requested information for CTCO specifically. However, CTCO does not believe it is relevant for OCA to discover such documents beyond those affiliates with which CTCO does business. Further, OCA has provided insufficient justification for the three years of data specified.

WHEREFORE, for the reasons set forth above, Commonwealth Telephone Company respectfully objects to Office of Consumer Advocate Interrogatories (Set VII) Nos. 11 and 12.

Respectfully submitted,


JAMES P. MELIA
NORMAN JAMES KENNARD
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Dated: April 26, 1993

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
v. : DOCKET NO. I-00920020
COMMONWEALTH TELEPHONE COMPANY :

CERTIFICATE OF SERVICE

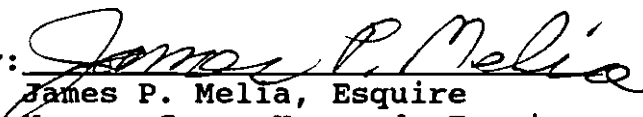
I hereby certify that, on this 26th day of April, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

The Honorable George M. Kashi
Administrative Law Judge
Room G08
PA Public Utility Commission
Harrisburg, PA 17105-3265

Kandace F. Melillo, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Phillip F. McClelland, Esquire
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

By: 
James P. Melia, Esquire
Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

ORIGINAL

James P. Melia (717) 238-2900

RECEIVED
APR 28 1993

April 26, 1993

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

John G. Alford, Secretary
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**RE: PA PUBLIC UTILITY COMMISSION v. COMMONWEALTH TELEPHONE
COMPANY - DOCKET NO. R-00920020 - I-00920020**

I-00920020

Dear Secretary Alford:

Enclosed for filing in the above captioned proceeding, please find the original and two copies of an Answer of Commonwealth Telephone Company to Office of Consumer Advocate's Motion to Compel. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of this Answer.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

James P. Melia
JAMES P. MELIA

RLS

JPM:tlh
cto\alford.ltr
cc: All Parties of Record
W. Shaner

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION,

v.

COMMONWEALTH TELEPHONE
COMPANY

:
:
:
:
:
:
:

Docket No. I-00920020

*ANSWER OF COMMONWEALTH TELEPHONE COMPANY
TO OFFICE OF CONSUMER ADVOCATE'S
MOTION TO COMPEL*

AND NOW, comes Commonwealth Telephone Company ("CTCO"), by and through its counsel, Tucker Arensberg, P.C., pursuant to Section 5.342(e)(1) of the Pennsylvania Public Utility Commission's ("Commission") Rules of Practice and Procedure, 52 Pa. Code §5.342(e)(1), and hereby answers the Motion to Compel filed by Office of Consumer Advocate ("OCA"), and in support thereof, respectfully represents the following:

I. INTRODUCTION

1. On March 30, 1993, the OCA served Set VI of its Interrogatories in the above-captioned proceeding.
2. CTCO objected to certain Interrogatories contained in Set VI and filed its Objections on April 9, 1993.
3. On April 21, 1993, OCA filed its Response to Objection and Motion to Compel.
4. CTCO hereby files this Answer to OCA's Motion to Compel.

DOCKETED

MAY 05 1993

DOCUMENT
FOLDER

II. DISCUSSION

Question No. 32:

Interrogatory No. 32 (Set VI) requests the minutes from C-TEC's Compensation Committee meetings held from 1990-1993. CTCO objected to provision of this information on the basis of relevance and confidentiality.

OCA tries to establish the relevance of the requested information by tying the request to CTCO levels of corporate operations expense. However, the breadth of the request encompasses details of compensation matters which impact on executives throughout the C-TEC organization, going well beyond the scope of this proceeding - CTCO's earnings levels and affiliate relationships. Thus, CTCO believes provision of these minutes in their entirety to be irrelevant.

Further, the reasons raised by OCA as to why this information is not confidential and proprietary does not adequately address CTCO's concern that there are matters contained within the Compensation Committee minutes which are extremely sensitive and should not be divulged during the course of this case. OCA has offered to accept this information subject to a protective agreement. CTCO would agree to provide same pursuant to the existing protective agreement only if CTCO does not prevail on its relevance objection.

Question No. 33:

This Interrogatory requests CTCO Board of Director meeting minutes for the years 1991-1993. CTCO objected to provision of same on the basis of relevance and confidentiality.

OCA has attempted to provide further justification by arguing that the information is relevant to adjustments OCA may make regarding CTCO's affiliate transaction expenses. This additional reason is inadequate to establish relevance.

While decisions made by the C-TEC Board of Directors may influence C-TEC expenses, in a very indirect fashion, OCA's argument provides insufficient justification to allow OCA to review all C-TEC Board of Director decisions which affect the entire C-TEC organization, not just CTCO. Many of these decisions are sensitive and confidential in nature. Clearly, CTCO's relevance objection is valid.

If OCA desires to make adjustments based on CTCO affiliated transactions, it has been provided sufficient accounting information in discovery to do so. The justifications provided do not establish relevance nor overcome CTCO concerns of confidentiality. CTCO, therefore, declines to produce the requested information.

Question No. 34:

Interrogatory No. 34 (Set VI) requested names of companies in the peer group referenced on page 11 of C-TEC's 1993 Proxy Statement. CTCO objects on the basis of relevance.

OCA attempts to support its request by arguing that comparison of C-TEC's rate of return to other companies' rates of return may be relevant to C-TEC's level of corporate executive expense or comparative earnings levels.

CTCO submits that OCA's justification for provision of this information does not overcome its relevance objection. CTCO does not understand how the returns of these peer group companies may be related to C-TEC's level of corporate executive expense. Further, OCA has access to publications of comparable telephone companies from which it can establish its own comparisons. For those reasons, CTCO declines to produce the requested information.

Question No. 35:

Interrogatory No. 35 (Set VI) requests CTCO to describe significant changes occurring in operations, as a result of C-TEC executive management actions, that have resulted in substantial savings for the years 1989-1993. OCA further requests CTCO to calculate the amount of savings from each change and the total savings.

OCA justifies the relevance of the requested information by claiming that this data "concerns a defense that CTCO may present

for increases that have occurred in its corporate executive expenses".

OCA's "justification" does not establish the relevance of the requested information to the instant proceeding. The only relevance which OCA can establish is that this information may be presented as a defense by CTCO to a challenge to CTCO's executive compensation expense levels. However, there has been no indication that this information can or will be utilized by CTCO as a "defense" to any prospective OCA adjustment or that the information even exists. The extremely tenuous nature of OCA's relevance justification is obvious.

Furthermore, CTCO does not perform cost benefit analyses of its business decisions in the detail and format which OCA has requested. Despite OCA's assumptions, CTCO does not have the time or resources to perform the studies requested as part of its normal course of business and should not be required to do so as part of the discovery process. CTCO declines to produce the requested information.

Question No. 36:

Interrogatory No. 36 (Set VI) requests the factors used in C-TEC's executive compensation program for 1989-1993 and an explanation of the development of these factors. CTCO objected on the basis of relevance and burden.

OCA has insufficiently justified the relevance of its request. C-TEC's executive compensation amounts are what they are. CTCO

does not understand how factors utilized to arrive at these executive compensation levels are relevant to any challenge the OCA may bring to the absolute levels of such compensation.

OCA has also not overcome the burden objection of CTCO. The request is burdensome because it seeks information dating back to 1989 where such information may well not exist or could only be retrieved with difficulty. CTCO declines to produce the requested information.

Question No. 37:

Interrogatory No. 37 (Set VI) requests CTCO to explain how investments emphasized in C-TEC's executive compensation program will benefit CTCO ratepayers and how executive action has expanded CTCO regulated activity. CTCO objected on the basis of relevance and burden.

The OCA has not overcome CTCO's relevance objection. CTCO does not understand how the information requested, even if such information could be reduced to a quantifiable form, relates to the subject matter of this investigation.

Further, OCA has not overcome CTCO's burden objection. OCA has requested a quantification from CTCO, e.g. a C-TEC cost/benefit analyses of investments made or projected to be made in the future and how such investments benefit the ratepayers. C-TEC and CTCO do not routinely engage in performance of the studies which OCA assumes are performed. Such dedication of time and resources would

certainly undercut C-TEC/CTCO's ability to provide the highest quality service at lowest possible cost to its customers.

Moreover, OCA's references to C-TEC/CTCO affiliated interest agreements do not address the underlying burden objection which is that the requested studies have not been made in the detail required by OCA. CTCO should not be required to conduct the necessary analyses to evaluate the benefits of corporate investment decisions. CTCO thus declines to provide the requested information.

Question No. 38:

Interrogatory No. 38 (Set VI) requests CTCO to describe the strategic objectives that C-TEC's executive compensation program was designed to motivate senior executives to achieve. CTCO objected on the basis of relevance and confidentiality.

The requested information relates to C-TEC corporate-wide strategic objections not just CTCO matters which are the subject matter of this proceeding. The scope of the request is irrelevant due to its overbreadth.

OCA has offered to accept the information subject to a protective agreement. CTCO would not object to provision of such information subject to a protective agreement but only if CTCO does not prevail on its relevance objection.

Question No. 39:

Interrogatory No. 39 (Set VI) requests data supporting C-TEC's claim that its executive compensation plan provides compensation and growth opportunities comparable to those of other leading companies. CTCO objected on the basis of relevance and confidentiality.

OCA has not overcome CTCO's relevance objection. C-TEC's proxy statement generally explains what its executive compensation program is designed to achieve on a corporate-wide basis through comparison with other companies. OCA's request is irrelevant because company data to which C-TEC may compare itself with is unrelated to the subject matter of this proceeding. Further, the proxy statement makes a generalized statement which may well not be supported by detailed information.

CTCO additionally objects on the basis of burden. OCA assumes the specific data requested exists. C-TEC/CTCO may not have performed the detailed studies OCA assumes it conducted in support of the statement made. To the extent such studies were not conducted, CTCO should not be required to perform same.

To the extent such studies do exist, CTCO would be willing to provide the information subject to the protective agreement but only if CTCO does not prevail on its relevance objection and only if the information exists in the format and detail requested by OCA. To the extent such information does not exist, CTCO stands by its burden objection.

Question No. 40:

Interrogatory No. 40 (Set VI) requests the number of senior executives C-TEC has had for the last five years and the total compensation for this group for that time period. CTCO objected on the grounds of relevance.

OCA's purported justification does not overcome CTCO's relevance objection previously stated in its prior argument relative to Interrogatory No. 38 which it incorporates herein by reference.

Question No. 41:

Interrogatory No. 41 (Set VI) requests CTCO provide and explain the formula used in C-TEC's long-term bonuses and how that formula was used to calculate bonuses for C-TEC senior executives for 1991-1992. CTCO objected on the basis of relevance and burden.

OCA's purported justification does not overcome CTCO's relevance objection. OCA has utilized the justification stated in paragraph 31 of its Motion to justify a significant number of questions predicated on certain statements made by C-TEC in its Proxy Statement. OCA may view, as an issue in this case, the amount of bonuses paid to C-TEC corporate executives. However, the methodology of such calculation is not relevant.

OCA has also not overcome CTCO's burden objection. This burden relates to derivation of information from prior years which will likely require the review of past compensation records.

WHEREFORE, for all reasons given, Commonwealth Telephone Company respectfully requests that Office of Consumer Advocate's Motion to Compel be denied and its objections to provision of certain information requested in OCA Set VI Interrogatories be sustained.

Respectfully submitted,



JAMES P. MELIA
NORMAN JAMES KENNARD
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Dated: April 26, 1993

Attorney for COMMONWEALTH
TELEPHONE COMPANY

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
 :
v. : DOCKET NO. I-00920020
 :
COMMONWEALTH TELEPHONE COMPANY :

CERTIFICATE OF SERVICE

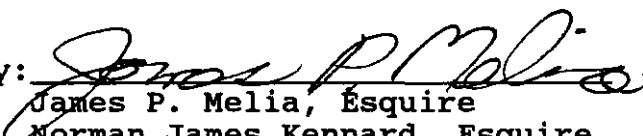
I hereby certify that, on this 26th day of April, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

The Honorable George M. Kashi
Administrative Law Judge
Room G08
PA Public Utility Commission
Harrisburg, PA 17105-3265

Kandace F. Melillo, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Phillip F. McClelland, Esquire
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

By: 
James P. Melia, Esquire
Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

April 26, 1993

RECEIVED

APR 27 1993

SECRETARY'S OFFICE
Public Utility Commission

Phillip E. McClelland
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Re: Commonwealth Telephone Company's Answers to OCA's Interrogatories, Set VI, No. 5, Docket No. I-00920020

Dear Mr. McClelland:

Enclosed herewith please find two copies of Commonwealth Telephone Company's answer to OCA Interrogatory Set VI, No. 5 in the above-captioned matter.

Should you have any questions regarding same, please feel free to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

DUCKETED

MAY 05 1993

NJK/dmb
ctco/inv/mcclell5.ler

Enclosure

cc: All Parties of Record
Secretary Alford (w/o enclosure)
W. Shaner (w/o enclosure)

DOCUMENT
FOLDER

RECEIVED
MAY 04 1993
OFFICE OF A.L.J.
HARRISBURG

AT&T

Mark A. Keffer
Attorney

Room 3A2
3201 Jermantown Road
Fairfax, VA 22030-2885
703 359-4086

RLS

April 28, 1993

Hon. George M. Kashi
Administrative Law Judge
Pennsylvania Public Utility Commission
North Office Building
Harrisburg, PA 17120

Dear Judge Kashi:

Re: Commonwealth Tel. Co.
PUC Docket I-920020

This letter is to indicate that Commonwealth and AT&T have resolved a portion of their outstanding discovery dispute, but that the remaining portion will require a ruling from Your Honor.

On February 15, 1993, Commonwealth filed objections to approximately 19 AT&T interrogatories. On February 25, 1993, AT&T filed its Response to Objections and Motion to Compel. On March 2, 1993, counsel for Commonwealth advised you by letter that the parties were attempting to resolve their dispute and that AT&T had agreed to an extension of time for Commonwealth's answer to AT&T's Motion to Compel.

The negotiations have been partly successful. Based on Commonwealth's pledge to provide AT&T with an access cost study performed using FCC procedures, AT&T has agreed to forego for now responses to interrogatories 10, 14, 18, 33, 34, 46, 47 and 48. Commonwealth and AT&T have further agreed that Commonwealth will provide responses to follow-up questions on the access cost study.

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

RECEIVED
MAY 05 1993

DOCKETED

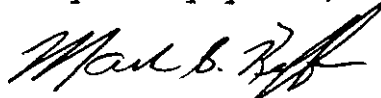
MAY 11 1993

DOCUMENT
FOLDER

Hon. George M. Kashi
April 28, 1993
Page 2

AT&T and Commonwealth have not been able to resolve their dispute regarding AT&T interrogatories 63, 64, 70, 71 and 73-79. These questions seek information regarding the relationship between Commonwealth and its affiliate Commonwealth Long Distance. AT&T renews its Motion to Compel regarding these questions. Commonwealth will file its response to AT&T's Motion to Compel on or before May 6, 1993, at which time the matter will be ripe for decision.

Very truly yours,



Mark A. Keffer

cc: All parties of record

ORIGINAL
COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE
1425 Strawberry Square
Harrisburg, Pennsylvania 17120

RECEIVED

APR 28 1993

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

IRWIN A. POPOWSKY
Consumer Advocate

(717) 783-5048

April 28, 1993

RLS

John G. Alford, Secretary
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265

Re: Pennsylvania Public Utility
Commission

v.

Commonwealth Telephone Company
Docket No. I-00920020

Dear Mr. Alford:

Enclosed for filing in the above-cited docket are an original and three copies of the OCA's Response to Objections and Motion to Compel.

Very truly yours,

Mark Shostak

Mark J. Shostak
Assistant Consumer Advocate

Enclosures

cc: Service List

DOCUMENT
FOLDER

RECEIVED

APR 28 1993

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

COMMONWEALTH TELEPHONE
COMPANY

:
:
:
: DOCKET NO. I-00920020
:
:
:

OCA's RESPONSE TO OBJECTIONS AND MOTION TO COMPEL

Pursuant to 52 Pa. Code 5.343(e), the Office of Consumer Advocate ("OCA"), hereby responds to the April 28, 1993 Objections of Commonwealth Telephone Company (CTCo or the Company) to OCA's interrogatory Set VII Nos. 11 and 12 and moves that CTCo be compelled to answer OCA's interrogatories.

Questions Nos. 11 and 12.

1. OCA's Interrogatory Set VII No. 11 requests CTCo to provide annual income statements and balance sheets for CTCo and other affiliates for the years 1990, 1991, and 1992. OCA's Interrogatory Set VII No. 12 requests CTCo to provide a Statement of Cash Flows and a Statement of Financial Condition for CTCo and its affiliates for the years 1990, 1991 and 1992. CTCo objects to providing the requested information in OCA's interrogatories set VII Nos. 11 and 12 for C-TEC's affiliates on the basis of over breath and relevance.¹ CTCo also claims that the OCA has provided insufficient justification for the three years of data requested.

¹ CTCo in its objections to OCA interrogatory set VII indicated that it would provide the information requested information in interrogatories Nos. 11 and 12 for CTCo but not for C-TEC's affiliates.

DOCKETED

MAY 05 1993

DOCUMENT
FOLDER

2. The OCA submits that the requested information is relevant to determining an appropriate rate of return for CTCo because it concerns the financial condition of C-TEC. Specifically, this information concerns the riskiness of C-TEC the parent company of CTCo. As such, this information will help the OCA determine an appropriate rate of return for CTCo.

3. The OCA submits that this information is not overly broad because each C-TEC affiliate contributes to C-TEC's level of risk.

4. Finally, the OCA submits that its request for this information for the years 1990, 1991 and 1992 is justified because looking at a few years of this data will provide important information concerning trends in C-TEC's riskiness.

5. For the reasons set forth above the OCA submits that the requested information in OCA interrogatories Set VII Nos. 11 and 12 are relevant to the OCA's examination of CTCo's rate of return. Therefore, the OCA submits that the OCA is entitled to this information under the Commission's rules of discovery.

WHEREFORE, for the reasons herein, the OCA respectfully moves that CTCO's objection be overruled and that CTCO be directed to immediately provide the data requested in OCA's interrogatory Set V!! Nos. 11 and 12. The information the OCA has requested is relevant to the issues in this proceeding and necessary for the OCA to present a proper case to the Commission.

Respectfully submitted,

Mark J. Shostak
Mark J. Shostak
Assistant Consumer Advocate

Counsel for:
Irwin Popowsky
Consumer Advocate

Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120
(717) 783-5048

Dated: April 28, 1993

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission
v.
Commonwealth Telephone Company
Docket No. I-00920020

I hereby certify that I have this day served a true copy of the foregoing document, Office of Consumer Advocate's Response to Objections and Motion to Compel, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 28th day of April, 1993.

SERVICE IN PERSON

Kandace F. Melillo
Office of Trial Staff
PA Public Utility Commission
Room 210, North Office Bldg.
Harrisburg, PA 17120

Hon. George M. Kashi
Administrative Law Judge
PA Public Utility Commission
Room G-08A, North Office Bldg.
Harrisburg, PA 17120

Norman J. Kennard, Esq.
Tucker Arensberg, P.C.
116 Pine Street
Harrisburg, PA 17101

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Scott Burnside, V.P.
Revenue & Public Affairs
Commonwealth Telephone Co.
100 Lake Street
Dallas, PA 18612

Mark A. Keffer, Esq.
American Telegraph
& Telephone
Room 3A2
3201 Jermantown Road
Fairfax, VA 22030

Mark Shostak
Mark J. Shostak
Assistant Consumer Advocate

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

PA PUBLIC UTILITY COMMISSION PUBLIC MEETING - APRIL 29, 1993
v. APR-93-OTS-11 -
COMMONWEALTH TELEPHONE COMPANY DOCKET NO. R-932578

9-920020 ✓

STATEMENT OF CHAIRMAN DAVID W. ROLKA

In this case, the Office of Trial Staff recommends that we suspend and investigate Commonwealth Telephone's proposal that certain exchanges be reclassified into different rate groups. The recommendation is based on Trial Staff's philosophy that changes such as this should be revenue neutral. As a rule, I would disagree with such a recommendation. First, the change in revenues is so small, relative to the Company's revenues, that such an investigation would cost much more than could possibly be gained through an investigation. Second, the Company is taking this action in compliance with its Commission-approved tariff.

However, in this case, the Commission is already investigating the Company's revenues based on our concern about possible over-earning. If the Company is already making too much, than even a minor increment adds insult to injury. Therefore, although I support the recommendation of the Office of Special Assistants in this case, I recommend that this issue be examined in the current investigation at I-920020.

April 28 1993
DATE

David W. Rolka
DAVID W. ROLKA, CHAIRMAN

RECEIVED
MAY 03 1993

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

DOCUMENT
FOLDER

May 3, 1993

RECEIVED

MAY 4 1993

SECRETARY'S OFFICE
Public Utility Commission

John G. Alford, Secretary
PA Public Utility Commission
Room B-19, North Office Building
Harrisburg, PA 17120

Re: PA Public Utility Commission v. Commonwealth
Telephone Company, Docket No. I-00920020

Dear Secretary Alford:

Commonwealth Telephone Company ("CTCO") has this date served copies of CTCO's Statement Nos. 1-3 and 5-7 upon the all parties to the above-captioned action.

CTCO Statement No. 4 is that of Mr. Paul Mazza. Mr. Mazza has recently been indisposed for medical testing and, hence, we are unable to file his testimony this date. We anticipate that his testimony will be ready tomorrow and we will serve it upon all parties as soon as it is available.

Pursuant to the attached Certificate of Service, all parties of record have been served a copy of this correspondence as well as enclosures.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco\inv\tsltr

cc: All Parties of Record

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

MAY 4 1993

SECRETARY'S OFFICE
Public Utility Commission

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
:
v. : DOCKET NO. I-00920020
:
COMMONWEALTH TELEPHONE COMPANY :

CERTIFICATE OF SERVICE

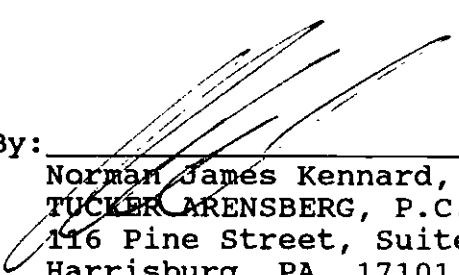
I hereby certify that, on this 3rd day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

The Honorable George M. Kashi*
Administrative Law Judge
Room G08
PA Public Utility Commission
Harrisburg, PA 17105-3265

Kandace F. Melillo, Esquire*
Carol F. Pennington, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Phillip F. McClelland, Esquire*
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

By: 
Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

* via hand delivery

DOCKETED

MAY 12 1993

DOCUMENT
FOLDER

RLS

May 4, 1993

RECEIVED

MAY 7 1993

SECRETARY'S OFFICE
Public Utility Commission

John G. Alford, Secretary
PA Public Utility Commission
Room B-19, North Office Building
Harrisburg, PA 17120

Re: PA Public Utility Commission v. Commonwealth
Telephone Company, Docket No. I-00920020

Dear Secretary Alford:

Please be advised we have this date served a copy of Commonwealth Telephone Company's Statement No. 4 (Paul W. Mazza) upon all parties of record pursuant to the attached Certificate of Service.

If you should have any questions regarding the above, please do not hesitate to contact the undersigned.

Sincerely,

TUCKER ARENSBERG, P.C.


NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/fileburn.ltr

Enclosure

cc: All Parties of Record

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

COMMONWEALTH TELEPHONE COMPANY

:
:
:
:
:
:
:

DOCKET NO. I-00920020

CERTIFICATE OF SERVICE

I hereby certify that, on this 4th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

The Honorable George M. Kashi*
Administrative Law Judge
Room G08
PA Public Utility Commission
Harrisburg, PA 17105-3265

Kandace F. Melillo, Esquire*
Carol F. Pennington, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Phillip F. McClelland, Esquire*
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

RECEIVED

MAY 7 1993

SECRETARY'S OFFICE
Public Utility Commission

DOCKETED

MAY 14 1993

By: _____

Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

* via hand delivery

DOCUMENT
FOLDER

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

ORIGINAL

James P. Melia (717) 238-2900

May 5, 1993

RECEIVED
MAY 05 1993

John G. Alford, Secretary
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

RLS

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

**RE: PENNSYLVANIA PUBLIC UTILITY COMMISSION v. COMMONWEALTH
TELEPHONE COMPANY - DOCKET NO. 1-00920020**

Dear Secretary Alford:

Enclosed please find for filing an original and two copies of Commonwealth Telephone Company's Response to Office of Consumer Advocate Motion to Compel in the above captioned proceeding. As evidenced by the attached Certificate of Service, all parties have been served a copy of this document.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

James P. Melia
JAMES P. MELIA

DOCUMENT
FOLDER

JPM:th
ctco\compel.mot
ENCLOSURE
cc: All parties of record

ORIGINAL

RECEIVED

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

MAY 05 1993

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

PENNSYLVANIA PUBLIC UTILITY
COMMISSION,

v.

COMMONWEALTH TELEPHONE
COMPANY

:
:
:
:
:
:
:

Docket No. I-00920020

DOCKETED

MAY 13 1993

**COMMONWEALTH TELEPHONE COMPANY'S
RESPONSE TO OFFICE OF CONSUMER ADVOCATE'S
OBJECTIONS AND MOTION TO COMPEL**

AND NOW, pursuant to 52 Pa. Code §5.342(e)(1), Commonwealth Telephone Company ("CTCO"), hereby responds to the Motion to Compel filed by Office of Consumer Advocate ("OCA") seeking production of answers to certain Interrogatories propounded by the OCA. In support of this Response, CTCO states as follows:

I. INTRODUCTION

1. On April 15, 1993, the OCA served Set VII of its Interrogatories in the above-captioned proceeding.

2. OCA Interrogatories 11 and 12 stated as follows:

Interrogatory No. 11:

Please provide annual income statements and balance sheets for CTCO and its affiliates for the years 1990, 1991 and 1992.

Interrogatory No. 12:

Please provide a Statement of Cash Flow and a Statement of Financial Condition for CTCO and its affiliates for the years 1990, 1991 and 1992.

DOCUMENT
FOLDER

3. On April 28, 1993, CTCO filed objections to the above-stated Interrogatories on the basis of overbreadth and relevance.

4. On April 28, 1993, OCA filed its Response to Objections and Motion to Compel.

5. CTCO herein responds to OCA's Motion as follows:

II. DISCUSSION

CTCO objects to the above-stated Interrogatories because they are over broad and irrelevant. These Interrogatories request certain financial data relative to CTCO affiliates which are not the subject of this proceeding. The discovery does not, as OCA contends, relate to rate of return issues relevant to CTCO, a Pennsylvania jurisdictional telephone company. The scope of the request is more of an information gathering effort by OCA.

OCA further contends that it needs information about CTCO affiliates because these affiliates allegedly contribute to the riskiness of C-TEC, a parent company. OCA's argument in support of its request is unconvincing.

The subject of this proceeding is CTCO, not C-TEC. The Commission routinely examines comparable groups of utilities in determining the appropriate capital structure and rate of return of the subject utility. However, such examinations do not and should not encompass a wide-ranging exploration of the financial condition of other affiliates of the subject utility. The financial details of other CTCO affiliates are a function of the unique financial

characteristics of those affiliates and the jurisdictions in which they operate. Such information is wholly irrelevant to a determination of the proper common equity return for CTCO, a Pennsylvania utility.

In Pennsylvania Public Utility v. Enterprise Telephone Company, Docket No. R-00922317, ALJ Solomon denied an OCA Motion to Compel similar information about Enterprise Telephone Company's affiliates within Rochester Telephone Company. (A copy of ALJ Solomon's Order is attached). The ALJ characterized OCA's attempts to discover information about Enterprise's non-regulated affiliates as a classic "fishing expedition". (Order at p. 3). In his ruling, the ALJ definitively rejected the notion that it is appropriate to consider the financial condition and characteristics of non-regulated affiliates as part of an examination of the appropriate rate of return for the regulated entity.

Such an outcome is dictated in this instance as well.

WHEREFORE, for all the reasons given, Commonwealth Telephone Company respectfully requests that the Office of Consumer Advocate's Motion to Compel be denied.

Respectfully submitted,


JAMES P. MELIA

NORMAN JAMES KENNARD
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Dated: May 5, 1993

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

JUL 27 1992

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
v. : Docket No. R-00922317
Enterprise Telephone Company :

ORDER SUR MOTION
TO COMPEL ANSWERS AND
TO DISMISS OBJECTIONS

On May 29 and June 2, 1992, the Office of Consumer Advocate (OCA) served Sets I and II, respectively, of its interrogatories on Enterprise Telephone Company (Enterprise). Thereafter, on June 11 and 15, 1992, Enterprise served its objections to certain of the OCA interrogatories as contained in Sets I and II, respectively. The objections were made to the following interrogatories:

Set I, Questions 5, 6, 7, 29, 30 and 31; and

Set II, Questions 2, 12, 13, 14 and 15.

The questions at issue in Set I relate generally to rate of return issues. Those in Set II deal with revenue, expense and rate base matters. We will deal with each set in turn.

With respect to Set I, the first group of questions objected to (numbers 5, 6, 7 and 29) seek information concerning Enterprise's parent company, Rochester Telephone Corporation

ATTACHMENT "A"

(Rochester) and each of its subsidiaries. Those questions read as follows:

5. Please provide balance sheets as of 12/31/90 and 12/31/91 for each of the subsidiary companies owned by Rochester Telephone Corporation.
6. Please provide a schedule showing how each of the balance sheets of the subsidiaries of Rochester Telephone Corporation were consolidated into the total consolidated balance sheet.
7. Please state the percentage of common equity in the capital structure of each of the subsidiaries of Rochester Telephone Corp. as of 12/31/90 and as of 12/31/91.
29. Please provide the most recently allowed return on equity granted to Rochester Telephone and to each of its telephone subsidiaries. For each allowed return, please state the date of the allowance and the associated regulatory jurisdiction which made the allowance.

Enterprise grounded its objections on the "stand alone" basis employed in its filing, claiming financial data pertaining to Rochester and its subsidiaries would not be probative as to Enterprise's rate of return.

OCA, in its motion, states it is merely seeking information as to companies which are or may be comparable to Enterprise. Further, OCA justifies the disputed inquiries as relevant to the rate of return expectation of Enterprise's sole shareholder and the prohibition of 66 Pa.C.S. §2106 means that a utility may not pay its affiliated interest more than its cost of

providing capital. In response, Enterprise argues that the rate of return exploration of comparable utilities does not require a wide-ranging examination of the capital structures and rates of return of Enterprise's affiliates and that such information would be irrelevant. Moreover, says the utility, its corporate parent's expectations are irrelevant to a determination of Enterprise's common equity return.

As we view the OCA effort in these four interrogatories, it amounts to a classic "fishing expedition". Overly broad and thinly disguised, the interrogatories go beyond gathering information needed to fix an appropriate rate of return for Enterprise. In doing a Discounted Cash Flow analysis, it is necessary to consider the utility's dividend yields and expected stock price appreciation and those of comparable utilities; the capital structure and allowed return on equity of the companies in the group of comparables is not relevant. Interestingly, OCA's motion speaks of the Rochester affiliates as "companies which are or may be comparable to Enterprise." We do agree that OCA has the right to insure that 66 Pa.C.S. §2106 is complied with and would approve questions directed to ascertaining Rochester's cost of capital but such are not before us. Thus, we will not compel answers regarding Set I, Questions 5, 6, 7 and 29.

The remaining questions in Set I, that is Questions 30 and 31, read as follows:

30. Page 3 of the 1990 Annual Report to Stockholders of Rochester Telephone states that "Our allowed rate of return of 11.7 percent in Rochester is simply not realistic." With regard to that statement, please provide a copy of the order which made the 11.7 percent determination, and provide a complete explanation of how it was determined by the company that the 11.7 percent was not realistic.
31. Please state the date that Rochester Telephone originally took ownership of Enterprise Telephone.

The objection of Enterprise is to the effect that it should not have to explain the statements of its parent in Rochester's annual report and that the other information sought is as readily available to OCA as it is to Enterprise.

OCA, in its motion, contends that the data is relevant to the issues of Enterprise's reasonable capital structure and fair rate of return and relate directly to Rochester's cost of capital. The response of Enterprise to the motion on this point merely restated its initial objection.

We can see no obligation on the part of Enterprise to explain the rationale behind a statement made by another corporate entity. As for an order issued by a New York governmental agency and public documentation in the Commission's own file concerning the acquisition of Enterprise by Rochester,

being equally available to OCA, we think OCA should obtain such materials for itself. Therefore, we will not compel responses to Set I, Questions 30 and 31.

Turning now to Set II, the questions objected to (numbers 2, 12, 13, 14 and 15) pertain to the elaboration of matters contained in the filing. The questions involved read as follows:

2. Please provide all workpapers supporting the development of the future test year rate base and the future test year pro forma operating income under present rates to the extent not included with the application.
12. Referring to Schedule 2, page 11, please provide a complete itemization of the other income of \$11,491,444 included in the deregulated category. The response should provide a description of each item, the dollar amount of each item, and the basis for treating each item of other income as deregulated.
13. Referring to Schedule 3, page 16, please provide an itemization of other income and expense. The response should provide a brief description of each item of other income and expense and the dollar amount of each item for 1992, as projected.
14. Please provide any true-up or correcting entries booked by the Company in 1992 that relate to 1991 operations.
15. Please provide a reconciliation of STAS revenues and expenses subject to recovery through the STAS in 1991, both before and after normalization adjustments.

In its objection to Question 2, Enterprise offered to supply the requested workpapers at or about the time it files its prepared testimony. Such is entirely unacceptable, for the reasons set forth in our Order Sur Motion to Impose Sanctions, dated July 21, 1992, at this docket. We will direct a prompt response as to this inquiry.

The utility claimed relevancy as a basis for refusing to supply OCA the itemizations called for in Questions 12 and 13. In its motion, OCA contends that it is critical to determine whether there are any allegedly deregulated operations which should actually be regulated and if the utility has properly allocated and assigned expenses to such deregulated activities. Enterprise's response simply reiterates its relevancy contention.

As the Commission's discovery rules make clear,

It is not ground for objection that the information sought will be inadmissible at hearing if the information sought appears reasonably calculated to lead to the discovery of admissible evidence.

52 Pa.Code §5.321(b) (emphasis added). We think the OCA requests satisfy the quoted test and will require prompt response to these two inquiries.

Enterprise's objection to Question 14 is grounded on the possible burden compliance might entail. The utility asserts its uncertainty as to which correcting entries will be of interest. The OCA motion points out that OCA needs to see the

list of entries, their magnitude and a brief description of each to determine which matters require further scrutiny, particularly since Enterprise's schedules begin with a column headed "Historical Year Per Books" which is then adjusted.

The arguments of Enterprise are without merit. We will expect the utility to provide a proper listing of all correcting entries so that OCA can focus its efforts and determine if all the appropriate adjustments to 1991's actual results were made by Enterprise.

Finally, as to the STAS inquiry, in Question 15, Enterprise objected on the ground that there is a separate STAS reconciliation proceeding and the instant question is irrelevant. OCA's motion points out the Commission practice of setting the STAS at zero at the conclusion of a rate case and the importance of assuring that the STAS has been properly reconciled, including the effects of any normalizations present in the case at bar. It is OCA's position that the separate reconciliation proceeding would not account for the effects of any normalizations which Enterprise proposes in this rate proceeding. The utility's response is that proper reconciliation of the STAS is not within the scope of this case and that OCA's experts can consult the Commission's files relative to the STAS reconciliation proceeding.

We find the OCA position to be sound and will direct that Enterprise comply with the requirement in Question 15.

Accordingly, we make the following


ORDER

AND NOW, this 24th day of July, 1992, upon consideration of the OCA Motion to Compel Answers and to Dismiss Objection and the Enterprise response thereto, it is hereby

ORDERED that the motion is granted in part and denied in part; and it is further

ORDERED that Enterprise shall, within seven (7) days from the date of this Order, serve upon OCA and the other parties of record full and complete responses in compliance with 52 Pa.Code §5.342 as to the following OCA interrogatories:

Set II, Questions 2, 12, 13, 14 and 15.


MORRIS J. SOLOMON
Administrative Law Judge

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
 :
v. : DOCKET NO. I-00920020
 :
COMMONWEALTH TELEPHONE COMPANY :

CERTIFICATE OF SERVICE

I hereby certify that, on this 5th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:


The Honorable George M. Kashi
Administrative Law Judge
Room G08
PA Public Utility Commission
Harrisburg, PA 17105-3265

Kandace F. Melillo, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Philip F. McClelland, Esquire
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

By:


James P. Melia, Esquire
Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

May 6, 1993

RECEIVED

MAY 7 1993

SECRETARY'S OFFICE
Public Utility Commission

Phillip E. McClelland
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

WJS

Re: Commonwealth Telephone Company's Responses to OCA's Interrogatories, Set VII, Docket No. I-00920020

Dear Mr. McClelland:

Enclosed herewith please find two copies of Commonwealth Telephone Company's Responses to the Interrogatories of the OCA, Set VII in the above-captioned matter.

Should you have any questions regarding same, please feel free to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/mcclell7.lcr

Enclosure

cc: All Parties of Record
Secretary Alford (w/o enclosure)
W. Shaner (w/o enclosure)

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

COMMONWEALTH TELEPHONE COMPANY

:
:
:
:
:

DOCKET NO. I-00920020

RECEIVED

MAY 7 1993

SECRETARY'S OFFICE
The Utility Commission

CERTIFICATE OF SERVICE

I hereby certify that, on this 6th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

Kandace F. Melillo, Esquire
Carol F. Pennington, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

By: _____

Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
216 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

SECRETED
MAY 13 1993

DOCUMENT
FOLDER

ORIGINAL

Norman James Kennard (717) 238-2900

RECEIVED

May 6, 1993

MAY 06 1993

VIA HAND DELIVERY

John G. Alford, Secretary
PA Public Utility Commission
Room B-19, North Office Building
Harrisburg, PA 17120

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

Re: PA Public Utility Commission v. Commonwealth Telephone Company, Docket No. I-00920020

Dear Secretary Alford:

Enclosed for filing in the above-captioned proceeding please find the original and two (2) copies of the Answer of Commonwealth Telephone Company to AT&T's Motion to Compel. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

Thank you for your attention to this matter.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
CTCO\inv\respat&t.doc

Enclosure

cc: All parties of record
W. Shaner

DOCUMENT
FOLDER

RECEIVED

MAY 06 1993

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

DOCKET NO. I-00920020

COMMONWEALTH TELEPHONE COMPANY

RESPONSE OF COMMONWEALTH TELEPHONE
COMPANY TO AT&T'S MOTION TO COMPEL
AND RESPONSES TO AT&T SET I, NOS. 63,
64, 70, 71 AND 73 - 79

AND NOW, comes Commonwealth Telephone Company ("CTCO"), by and through its counsel, Tucker Arensberg, P.C., pursuant the Pennsylvania Public Utility Commission's ("Commission") Rules of Practice and Procedure, 52 Pa. Code § 5.342, and hereby answers the Motion to Compel filed by AT&T Communications of Pennsylvania, Inc. ("AT&T") and, in support thereof, avers the following:

1. Under cover letter dated February 4, 1993, AT&T served upon CTCO its First Set of Interrogatories.

2. On February 15, 1993, CTCO timely filed objections to certain interrogatories contained in AT&T Set I.

3. On February 25, 1993, AT&T filed its Response to

DOCKETED DOCUMENT
MAY 13 1993 FOLDER

Objections and Motion to Compel.

4. By letter dated March 2, 1993, AT&T and CTCO evidenced their mutual agreement to suspend CTCO's response to AT&T's Motion and attempt the resolution of their differences by negotiation.

5. Under letter dated April 28, 1993, AT&T stated that it was willing to forego responses to certain interrogatories, but still desired responses to its Set I - Nos. 63, 64, 70, 71 and 73-79. The response to AT&T's Motion to Compel by CTCO was established as May 6, 1993.

6. As set forth in CTCO's Objections to AT&T's First Set, Interrogatory Nos. 63, 64, 70, 71, and 73-79 all deal with the operations of Commonwealth Long Distance Company ("CLD"). CTCO objected upon grounds which included, but were not limited to:

- (a) Confidentiality;
- (b) Burdensomeness;
- (c) Unfair advantage; and
- (d) Relevance.

CTCO stated that its objections are directed only to AT&T as the propounder, due to its competitive position. Other parties, Chairman Rolka, the Office of Consumer Advocate ("OCA"), and Office of Trial Staff ("OTS") all have pursued numerous discovery questions regarding CLD and, as argued by CTCO, are the proper entities to develop these issues.

7. In its Motion, AT&T has offered to enter into a protective agreement, which would ostensibly preclude review by personnel involved in setting AT&T's prices. Secondly, AT&T argues that any party should be permitted to pursue any issues raised in

the Commission's Order and that the relationship between CTCO and CLD "may" have an impact upon access issues raised by AT&T.

8. CTCO continues to object to AT&T's Interrogatories on the grounds set forth in its original Objections. Further, CTCO points out that:

- (a) AT&T has nominated as its witness Mr. Christopher J. Rozycki, whose title is "AT&T Manager/Access Pricing." CTCO believes that the issue of AT&T's cost and the pricing of its services are so intertwined that AT&T cannot logically maintain that Mr. Rozycki has no responsibility in the area of pricing.
- (b) The competitive issues which AT&T seeks to discover are so potentially harmful that the minimal protections provided by a protective order are insufficient.
- (c) The subject of the instant investigation is CTCO and not CLD. For example, AT&T seeks marketing materials developed by CLD (I-73); percentage of customer subscription to CLD (I-75); a description of CLD's marketing, sales, and service force (I-78); and copies of CLD promotional literature which "mention[s]" CTCO.
- (d) Billing and collection agreements with interexchange carriers are negotiated between CTCO and the carriers. If AT&T were in a position to discover costs paid by its competitors, then AT&T could be in a position to gain unfair competitive advantage.
- (e) CTCO reiterates that its relationship with CLD has been the subject of numerous interrogatories from the OCA and OTS, as well as the Chairman of the Commission. Therefore, the issues will be fully developed. It is only the disclosure of the information to AT&T and the development of interrogatories by AT&T to which CTCO objects.
- (f) In other proceedings before this Commission, the presiding officer has refused to allow discovery of competitively damaging information despite the offer of protective agreement, where other parties were developing the same issues (but not representing the same interest). For example, in Pa. P.U.C. v. Equitable Gas Company, Docket No. R-912164, Administrative Law Judge Nemeck ruled, in a

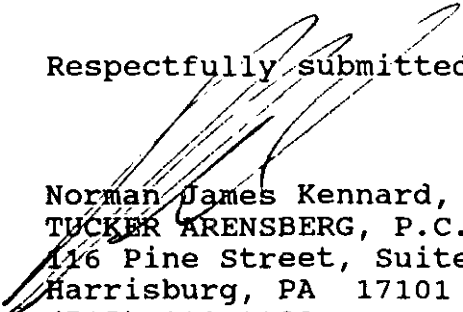
proceeding establishing gas transportation rates, that individual coded gas transportation revenues were not discoverable by a complainant's group which included gas producers and marketers (i.e., potential competitors) despite the group's offer to limit and protect disclosure. Id., Tr. 1084-1085 and 1091. A significant rationale of Judge Nemeč's ruling was stated by him to be as follows:

But I am going to deny your motion at this juncture in this proceeding because, number one, it's late; number two, I have the concerns that I've already expressed regarding the [confidentiality of the] information; number three, I think that at this point you can rely on the work that OCA has done and will do with regard to confirmation of revenue levels.

Tr. 1091.

WHEREFORE, Commonwealth Telephone Company respectfully requests that AT&T's Motion to Compel be denied and that its Objections to AT&T Set I, Nos. 63, 64, 70, 71, and 73-79 be sustained.

Respectfully submitted,


Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Dated: May 6, 1993

ATTORNEYS FOR COMMONWEALTH
TELEPHONE COMPANY

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
 :
v. : DOCKET NO. I-00920020
 :
COMMONWEALTH TELEPHONE COMPANY :

CERTIFICATE OF SERVICE

I hereby certify that, on this 6th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

The Honorable George M. Kashi
Administrative Law Judge
Room G08
PA Public Utility Commission
Harrisburg, PA 17105-3265

Kandace F. Melillo, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Phillip F. McClelland, Esquire
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

By: _____
Norman James Kennard, Esquire
James P. Melia, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

May 6, 1993

Phillip E. McClelland
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Re: Commonwealth Telephone Company's Answers to OCA's
Interrogatories, Set V, Nos. 2, 13 and 35 (Restated)
Docket No. I-00920020

Dear Mr. McClelland:

Enclosed please find responses to OCA Interrogatories Set V,
Nos. 2, 13 and 35, restated.

Thank you for your attention to this matter.

RECEIVED
MAY 7 1993

SECRETARY OFFICE
P.U.C.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

RLS

NJK/dmb

Enclosure

cc: All Parties of Record
Secretary Alford (w/o enclosure)
W. Shaner (w/o enclosure)

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

COMMONWEALTH TELEPHONE COMPANY

:
:
:
: DOCKET NO. I-00920020
:
:

CERTIFICATE OF SERVICE

I hereby certify that, on this 6th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

Kandace F. Melillo, Esquire
Carol F. Pennington, Esquire
Office of Trial Staff
North Office Building, Room 210
Harrisburg, PA 17120

Mark Keffer, Esquire
AT&T Communications of PA, Inc.
Third Floor
3201 Jermantown Road
Fairfax, VA 22030-2885

RECEIVED

MAY 7 1993

SECRETARY'S OFFICE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCKETED

MAY 13 1993

By: _____

Norman James Kennard, Esquire
TUCKER ARENSBERG, P.C.
116 Pine Street, Suite 403
Harrisburg, PA 17101
(717) 238-2900

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

DOCUMENT
FOLDER