

I-00920020

for 7/2/93

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

Answers to Chairman Rolka's Questions

1. My understanding is that Commonwealth Telephone Company has a long distance subsidiary, and that both companies provide toll service. What is the name of the long distance subsidiary? Does the long distance subsidiary provide both intraLATA and interLATA toll service? Does Commonwealth Telephone provide both intraLATA and interLATA toll service? What do the relevant tariff provisions of Commonwealth Telephone prescribe, in terms of its provision of intraLATA and interLATA toll service? Has the Pa. PUC issued a Certificate of Public Convenience to the long distance subsidiary?

ANSWER: Commonwealth Telephone Company provides intraLATA toll service only, with rates found in the Pennsylvania Telephone Association Tariff, PA P.U.C. Toll No. 10.

Commonwealth Long Distance provides both intraLATA and interLATA toll services. IntraLATA toll service is available to business customers only.

Commonwealth Long Distance was issued a Certificate of Public Convenience by the Pennsylvania Public Utility Commission on August 13, 1992 at Docket No. A-310071. The Commonwealth Long Distance Tariff No. 1 was issued August 28, 1992 and became effective immediately.

PREPARED BY: SCOTT BURNSIDE

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PENNSYLVANIA PUBLIC UTILITY COMMISSION V.
COMMONWEALTH TELEPHONE COMPANY
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Answers to Chairman Rolka's Questions

2. Does Commonwealth Telephone have equal access for interLATA toll service in some or all of its territory?

ANSWER: Commonwealth Telephone Company has equal access capability for approximately 90 percent of the access lines in service as of December 31, 1992.

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PENNSYLVANIA PUBLIC UTILITY COMMISSION V.
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Answers to Chairman Rolka's Questions

3. When a customer applies for service with Commonwealth Telephone, which company - Commonwealth Telephone or its long distance subsidiary, provides intraLATA toll service? Which company provides interLATA toll service?.

ANSWER: Commonwealth Telephone Company provides all of its service applicants with intraLATA toll service for direct dial (1+) calling activity

At the customer's option, interLATA toll service may be provided by a number of firms including, but not limited to: AT&T, Commonwealth Long Distance, MCI, and Sprint.

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PENNSYLVANIA PUBLIC UTILITY COMMISSION V.
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Answers to Chairman Rolka's Questions

4. Do Commonwealth Telephone service representatives, who assist customers in applying for service, promote or encourage customers to sign up with the long distance subsidiary for toll service?

ANSWER: No, Commonwealth Telephone Company service representatives, as authorized agents for Commonwealth Long Distance, have the ability to offer customers Commonwealth Long Distance services but only as a function separate to the selection of an interexchange carrier during the application process.

PREPARED BY: SCOTT BURNSIDE

PENNSYLVANIA PUBLIC UTILITY COMMISSION V.
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DOCKET NO. I-00920020

Answers to Chairman Rolka's Questions

5. Are Commonwealth Telephone Company's switches programmed to distinguish between calls placed with Commonwealth Telephone and calls placed with the long distance subsidiary?

ANSWER: Yes, Commonwealth Telephone Company's switches are programmed to distinguish between calls placed through the Telephone Company and any interexchange carrier or reseller, including Commonwealth Long Distance.

PREPARED BY: SCOTT BURNSIDE

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

Answers to Chairman Rolka's Questions

6. Are Commonwealth Telephone Company's payphones programmed to use Commonwealth Telephone for: (a) intraLATA toll; (b) interLATA toll? Are Commonwealth Telephone Company's payphones programmed to use Commonwealth Telephone's long distance subsidiary for: (a) intraLATA toll; (b) interLATA toll?

ANSWER: Commonwealth Telephone Company's owned pay telephones are programmed to utilize Commonwealth Telephone Company for intraLATA calling activity and Commonwealth Long Distance for interLATA toll calls.

PREPARED BY: SCOTT BURNSIDE

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

Answers to Chairman Rolka's Questions

7. Are Commonwealth Telephone Company's payphones programmed to enable customers to dial-around the presubscribed carrier and to enable customers to reach their carrier of choice?

ANSWER: Yes, Commonwealth Telephone Company payphones are programmed to "dial-around" the presubscribed carrier to a customer's interexchange carrier of choice.

PREPARED BY: SCOTT BURNSIDE

PENNSYLVANIA PUBLIC UTILITY COMMISSION V.
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Answers to Chairman Rolka's Questions

8. Does Commonwealth Telephone Company incur country club costs either associated with dues or other activities, and if so, are these costs booked above or below the line?

ANSWER: Membership fees or dues in social organizations, including country clubs, are booked below the line.

PREPARED BY: DON CAWLEY

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 27th day of January, 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:

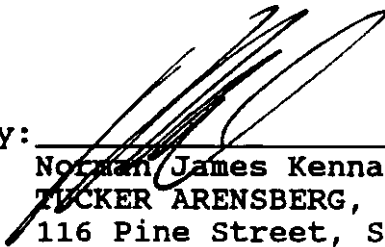
The Honorable George M. Kashi
Administrative Law Judge
Room G08
PA Public Utility Commission
Harrisburg, PA 17105-3265

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

COMMONWEALTH TELEPHONE COMPANY 4
STATEMENT NO. 1

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SB-20

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :

v. :

DOCKET NO. I-00920020

COMMONWEALTH TELEPHONE COMPANY :

DIRECT TESTIMONY OF
SCOTT BURNSIDE
ON BEHALF OF
COMMONWEALTH TELEPHONE COMPANY

CONCERNING:

COMPANY POLICY, SERVICE STANDARDS AND OTHER MATTERS

DOCUMENT
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INFO. CONTROL DIV.

Dated: May 3, 1993

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 1

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DIRECT TESTIMONY OF
SCOTT BURNSIDE
ON BEHALF OF
COMMONWEALTH TELEPHONE COMPANY

CONCERNING:
COMPANY POLICY, SERVICE STANDARDS AND OTHER MATTERS

Dated: May 3, 1993

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 1
M. Scott Burnside

1 Q PLEASE STATE YOUR FULL NAME, TITLE AND BUSINESS ADDRESS.

2 A My name is Scott Burnside. I am Vice President-Regulatory and
3 Public Affairs for Commonwealth Telephone Company. My
4 business address is 100 Lake Street, Dallas, Pennsylvania
5 18612.

6 Q COULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND?

7 A I was awarded a Bachelor of Science Degree in Economics from
8 Wilkes University in 1967 and, since that time, have pursued
9 graduate credits in Business Studies at Lehigh University and
10 have undertaken an executive development program at the Darden
11 School University of Virginia (1979).

12 Q PLEASE DESCRIBE YOUR EMPLOYMENT BACKGROUND.

13 A I have held my current position at Commonwealth Telephone
14 Company ("CTCO") for the last three years. My principle
15 responsibilities include management of governmental relations,
16 community relations and relations with other telephone
17 carriers (both local and interexchange). From 1984 to 1989,
18 I was Vice President of Revenue and Public Affairs. Prior to
19 that time (1980-1983) I was Vice President and General Manager
20 of Commonwealth Communications where I was responsible for the
21 start-up and continuation of this company, whose primary

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1 business is sales and service of business systems. I joined
2 CTCO in 1978 as a sales manager of business and residential
3 customer systems and services. Prior to that time, I was
4 affiliated with a family business and the United States
5 Military.

6 **Q WITH WHAT ORGANIZATIONS ARE YOU AFFILIATED?**

7 A I have chaired various committees and task forces of the
8 Pennsylvania Telephone Association and was previously
9 committee member with the United States Telephone Association.

10 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A To provide a general review of CTCO service territory and the
12 company's corporate philosophy. I will also focus upon the
13 company's delivery of service, both from a quality and cost-
14 efficiency viewpoint.

15 **Q ARE YOU SPONSORING ANY EXHIBITS?**

16 A Yes. I am sponsoring numerous exhibits, which are attached to
17 my testimony.

18 **Q PLEASE DESCRIBE CHARACTERISTICS OF CTCO'S SERVICE TERRITORY.**

19 A CTCO provides service to the entire counties of Sullivan and

COMMONWEALTH TELEPHONE COMPANY
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1 Wyoming and portions of Berks, Bradford, Bucks, Chester,
2 Columbia, Dauphin, Lackawanna, Lancaster, Lehigh, Luzerne,
3 Lycoming, Monroe, Northampton, Schuylkill, Susquehanna, Tioga
4 and York. Exh. SB-1.

5 Within this territory, CTCO serves 203,844 main access
6 lines (as of December 31, 1992). Of these, 163,305 lines are
7 residential and 38,584 are business (including company lines).
8 The remainder (1,955 lines) serve pay stations, both public
9 and semi-public. Exh. SB-2.

10 There are 79 exchanges within our territory. Seventy-one
11 of these are digitally equipped, with the remaining eight
12 offices to be converted in 1993. Therefore, by year-end 1993,
13 CTCO will be 100% digitized. We are actively pursuing fiber
14 deployment and have targeted 2002 as the date upon which the
15 feeder portion of our network will be 100% fiber.

16 Ninety-eight percent (159,377 subscribers) of CTCO's
17 residential subscribers receive single-party service. Two
18 hundred ninety-eight (298) residential subscribers have one-
19 party local measured service. The remainder are two, three or
20 four-party service customers. Exh. SB-3.

21 The business community is made up predominately (65.9%)
22 of service and retail establishments with approximately 9%
23 engaged in manufacturing. See Exh. SB-4. Seventy-nine

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1 percent (79%) of our business customers operate one-telephone-
2 line businesses. There are only 8 customers who have more
3 than 100 lines. Exhs. SB-5 and SB-6.

4 By every possible description, demographic or
5 topographical, CTCO's operating territory is rural. There are
6 no political subdivisions that exceed 10,000 population. The
7 company's 79 central offices average 2,500 lines and cover an
8 average of over 65 square miles. The entire service
9 encompasses 5,067 square miles. Topographical features such
10 as mountains and rivers dissect CTCO's service territory at
11 numerous junctures. There are at least 60 exchanges divided
12 by mountains and the 5 major rivers located in CTCO's service
13 territory divide exchanges 38 times.

14 CTCO's service territory contains only 38.8 access lines
15 per square mile, whereas Pennsylvania, overall, has 151.05
16 access lines per square mile. Even within the contiguous
17 United States and the vast expanses out west, the average
18 number of access lines per square mile is 46.9.

19 **Q PLEASE DESCRIBE CTCO'S LEVEL OF CUSTOMER SERVICE.**

20 **A** CTCO's service levels are excellent as measured against any
21 standard. In all significant categories of measurement, CTCO
22 can consistently be found at or near the top of the industry.

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1 As stated by the Commission's Bureau of Consumer Services
2 ("BCS") in its most recent Chapter 64 Report: "Of all the
3 major companies, Commonwealth was the most effective company
4 at handling complaints in 1991. Commonwealth's justified
5 complaint rate was one of the best in the industry for a third
6 year in a row." Exh. SB-7 and SB-8. In fact, in the last 5
7 years, for which such statistics have been compiled, CTCO has
8 been consistently below the average justified complaint rate
9 and residential complaint rate. Exh. SB-9 through SB-13.

10 **Q WHAT ABOUT CTCO'S SERVICE QUALITY?**

11 **A** The Company provides excellent service and is continuing to
12 improve upon its already exceptional performance.

13 For example, the Company had a total of 93,398 trouble
14 reports in 1986 and, 7 years later, although we had 11.4% more
15 access lines (182,932 compared to 203,844), we received only
16 55,769 trouble reports in 1992 or 40.3% less. Exh. SB-14.

17 Chapter 63 of the Commission's regulations set forth the
18 Commission's requirements relative to service quality.
19 Statistics for the last 3 years (1990-1992) by month, are set

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1 forth at Exhibits SB-15 through SB-17 and may be summarized as
2 follows:

	PUC Mandate	<u>1990</u>	CTCO Average	
			<u>1991</u>	<u>1992</u>
3 Trouble Per 100 MAL	5.5	2.9	2.3	1.9
4 Orders Filled	90.0%	96.8%	97.3%	97.6%
5 Business Office/Repair Center				
6 Answer Within 20 Seconds	85.0%	98.0%	82/90%	87/72%
7 Dialtone Within 3 Seconds	98.0%	99.0%	99.6%	99.9%
8 Outgoing/Incoming Complete				
9 To Link Group	97.0%	98.4%	98.8%	99.6%

12 CTCO has an outstanding record over a long period of time
13 in the area of service quality by which it totally exceeds
14 Commission's standards and most, if not all, of the local
15 exchange companies in Pennsylvania. CTCO is exceedingly proud
16 of its successes in this area.

17 **Q IN ACHIEVING THIS EXTRAORDINARY SERVICE QUALITY, HAS THE**
18 **COMPANY SACRIFICED EFFICIENCY?**

19 **A No.** Our achievement of the highest service standards is even
20 more significant when related to our efficiency levels, most
21 often measured in the industry as a ratio of access lines per
22 company.

23 Of the 33 Pennsylvania telephone companies listed in the
24 1991 PTA Report, Bell had the most access lines (5,334,836) in

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1 Pennsylvania. CTCO had the fourth greatest number following
2 Bell, GTE and United.

3 However, despite a highly rural territory with
4 topographically difficult features and a dispersed population
5 base, CTCO rated fourth in the measurement of access lines per
6 employee, as follows:

7	<u>Company</u>	<u>Access Lines/Employee</u>
8	Commonwealth	312
9	Bell	329
10	Conestoga	343
11	Brookville	356

12 GTE, with 410,797 access lines, had 236 lines per employee and
13 United, with 308,111 access lines, had 235 lines per employee.
14 Overall in the study, the range of access lines per employee
15 was 356 to 92 with a mean of 237 access lines per employee.
16 Therefore, CTCO, as compared to its fellow local exchange
17 carriers in Pennsylvania, is operating a very efficient and
18 lean organization.

19 During 1993, we are forecasting approximate 25 fewer
20 positions, which have been incorporated in the 1993 test year
21 results by Mr. Cawley.

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1 Historically, CTCO has made great strides in
2 productivity, as follows:

3	<u>Year</u>	<u>AL/E</u>	<u>% Change</u>
4	1986	222	100%
5	1987	231	96.1%
6	1988	232	95.7%
7	1989	242	91.7%
8	1990	296	75.0%
9	1991	315	70.5%
10	1992	336	66.1%

11 Main access lines grew from 163,060 to 203,844, or 25%, during
12 this seven year period, while employees declined from 734 to
13 607, or 17.3%.

14 **Q BASED UPON THE CHARACTERISTICS OF THE SERVICE TERRITORY, ONE**
15 **WOULD EXPECT CTCO'S RATES TO BE RELATIVELY HIGHER. PLEASE**
16 **COMPARE CTCO'S MONTHLY SERVICE RATES WITH THE OTHER LOCAL**
17 **EXCHANGE CARRIERS IN PENNSYLVANIA.**

18 **A** CTCO's monthly service rates are the fourth lowest among the
19 local exchange carriers doing business in Pennsylvania. Exh.
20 SB-18. CTCO's average one-party residential rates are 30%
21 below the industry state-wide average. Exh. SB-18. This is
22 even more significant, when one considers that the average
23 rates in Pennsylvania are about one-half of the national

COMMONWEALTH TELEPHONE COMPANY
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1 average. In comparison to the larger Pennsylvania companies,
2 CTCO compares very favorably:

3		Percentage
4	<u>Company</u>	<u>CTCO Lower Than</u>
5	GTE	52%
6	Bell	44%
7	United	37%
8	AllTel	28%

9 Exh. SB-19. We have not changed our basic rates since 1978.
10 Every other major carrier in Pennsylvania has had one or two
11 rate increases awarded since 1978. With the exception of
12 AllTel (who had a rate increase in 1985), no other major local
13 exchange carrier has decreased rates overall during that time.
14 Exhibits SB-19 and 20, excerpts from the PA PUC's
15 Telecommunications Infrastructure Study (March 1993), show the
16 progression of the major Pennsylvania LECs' rates for the last
17 25 years.

18 **Q WHAT HAS BEEN CTCO'S RECORD RELATIVE TO IMPLEMENTATION OF**
19 **EXTENDED AREA SERVICE ("EAS") AND OPTIONAL CALLING PLANS**
20 **("OCP")?**

21 **A** CTCO has led the industry in implementing EAS and OCP. CTCO
22 was the first company in Pennsylvania to develop, file and
23 implement an OCP (1980). Since the effectiveness in the

COMMONWEALTH TELEPHONE COMPANY
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1 Commission's regulations regarding EAS/OCP, CTCO has
2 implemented OCP on 36 routes, with two of those progressing to
3 full EAS. An additional 60 routes are expected to have OCP
4 treatment in the near term future.

5 CTCO has implemented EAS on 13 routes which are
6 identified in the 1989 and 1991 biennial traffic studies.
7 Expanding local calling area for these exchanges has increased
8 the Company's capital costs by \$106,987 and reduced toll
9 revenue by \$503,365 annually, while local revenues grew by
10 only \$123,777. Access costs increase also under intercompany
11 EAS, but are not quantified. Five of the thirteen are
12 intercompany. Moreover, the Company is in the process of
13 implementing EAS on 11 additional routes with a projected net
14 negative toll revenue impact of approximately \$445,495
15 (exclusive of capital improvements and access charge
16 increases). Overall, CTCO will or has lost toll revenues of
17 \$1,275,234, while gaining local increases of only \$450,152.

18 In summary, CTCO is and continues to be an industry
19 leader in implementation of EAS. In fact, I chaired the PTA
20 Committee that worked with the OCA and the PUC to develop the
21 standards and criteria for EAS that form the foundation of the
22 Commission's current regulations. The development of calling
23 criteria, bi-annual traffic studies and the creation of OCPs

COMMONWEALTH TELEPHONE COMPANY
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1 were the result of this joint effort.

2 **Q ARE BILLING AND COLLECTION SERVICES COMPETITIVE?**

3 **A** Yes. Billing and collection services are highly competitive.
4 CTCO believes that this service, in recognition of its
5 competitiveness and the ease of entry, should be deregulated
6 and any costs and revenues carried below the line.

7 Billing and collection is no more than a data processing
8 service. Billing and collection services do not employ the
9 telephone company network and do not convey or transmit
10 messages or communications. The functions of billing and
11 collection services are as follows:

- 12 • Recording and aggregation of billing data
- 13 • Rating of the calls according to the IXC's tariffed
14 rates
- 15 • Billing the customer (i.e., mailing)
- 16 • Collection and remittance of the revenues

17 Billing and collection is a financial and administrative
18 service, much the same as credit card companies, collection
19 agencies, and service bureaus provide.

20 This Commission has detariffed the intrastate billing and
21 collection services of Bell Telephone, CTCO, GTE North,
22 Continental Telephone, Lackawaxon Telephone, United Telephone,
23 Hickory Telephone and Bell Telephone, among others. This has

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1 occurred expressly for the reason that services are
2 competitive and price flexibility is necessary. Pa. PUC v.
3 Hickory Telephone, 68 Pa. P.U.C. 617 (1988) at Footnote 1; Pa.
4 PUC v. Breezewood Telephone Company, Docket No. R-901666,
5 Mimeo at 128.

6 The FCC has undertaken the next logical step and not only
7 detariffed, but deregulated those billing and collection
8 services provided in the interstate jurisdiction.

9 The interexchange carriers, such as AT&T, MCI and Sprint,
10 need to record the call, rate the traffic (i.e., apply the
11 call data to the rate schedules), bill customers and collect
12 the revenue. For any of these functions, there are numerous
13 competitive alternatives, including self-provisioning. For
14 example, only AT&T currently purchases full billing and
15 collection services from CTCO. MCI rates, generates, sends
16 out, and collects all of its own billings, except a very, very
17 small portion known as "casual" billing. Moreover, AT&T has
18 taken WATS and large customer MTS billing and collection in-
19 house, doing its own billing and collection.

20 In Pennsylvania alone, there are at least three entities
21 that are able to bill and collect telephone services. There
22 are many nationally. None of the alternative sources of
23 billing and collection are regulated by this Commission.

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1 The cost of entering the billing and collection business
2 is very small. The capital start-up costs are relatively low
3 and no great technical ability is required. The expenses are
4 principally driven by the volume of business received.

5 Competitors should have no problem offering billing and
6 collection services at competitive prices, terms and
7 conditions.

8 Billing and collection services are unrelated to the
9 provision of telephone service. Anyone with only a basic
10 understanding of telephone rate structures and access to a
11 computer and postage meter can provide the service. There is
12 no potential for monopoly control or discrimination in the
13 provision of billing and collection services.

14 Based upon these considerations, CTCO believes that its
15 billing and collection services should be deregulated. The
16 associated expenses and revenues have been removed below the
17 regulatory line in the accounting exhibits of Messrs. Cawley
18 and Laffey.

19 **Q DOES THIS CONCLUDE YOUR TESTIMONY?**

20 **A Yes, thank you.**

COMMONWEALTH TELEPHONE COMPANY COUNTIES SERVED

● BERKS
BRADFORD
BUCKS
CHESTER
COLUMBIA
DAUPHIN
● LACKAWANNA

LANCASTER
LEHIGH
LUZERNE
LYCOMING
MONROE
NORTHAMPTON
SCHUYLKILL

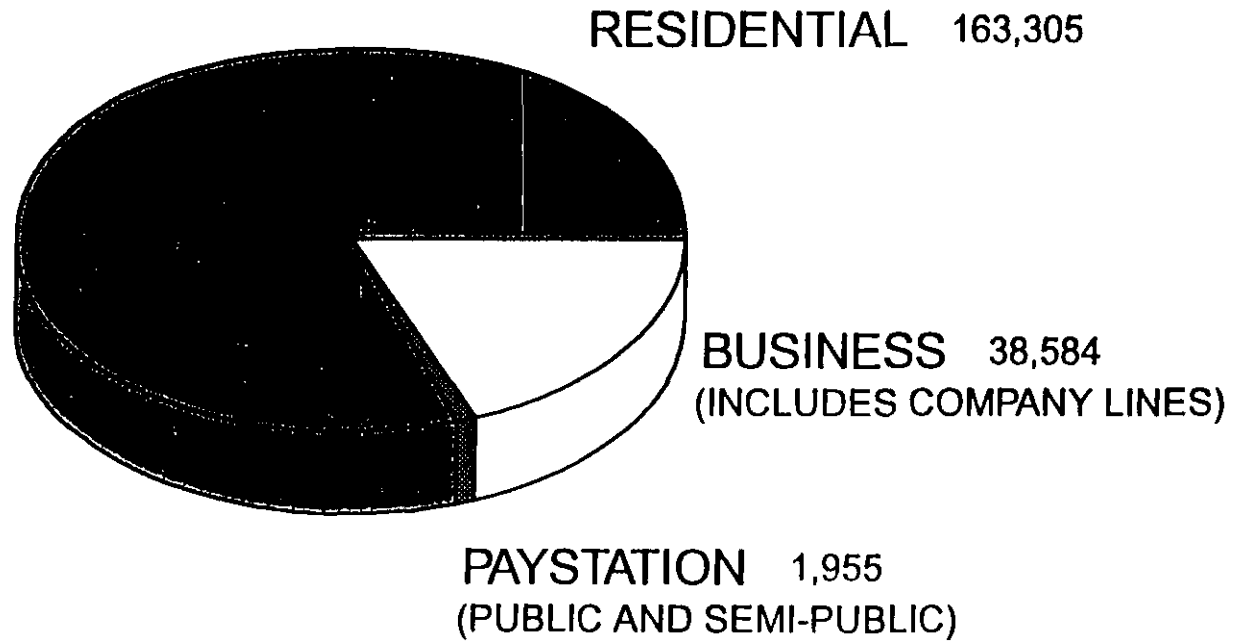
SULLIVAN *
SUSQUEHANNA
TIOGA
WYOMING *
YORK

*ENTIRE COUNTY



NUMBER OF MAIN ACCESS LINES

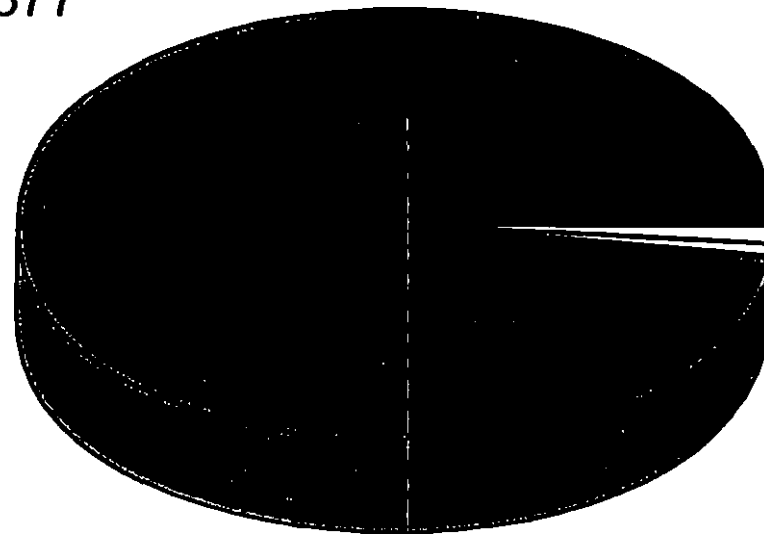
AS OF DECEMBER 1992



TOTAL = 203,844

RESIDENTIAL MAIN ACCESS LINES AS OF DECEMBER 1992

1-PARTY 159,377



4-PARTY 2,183

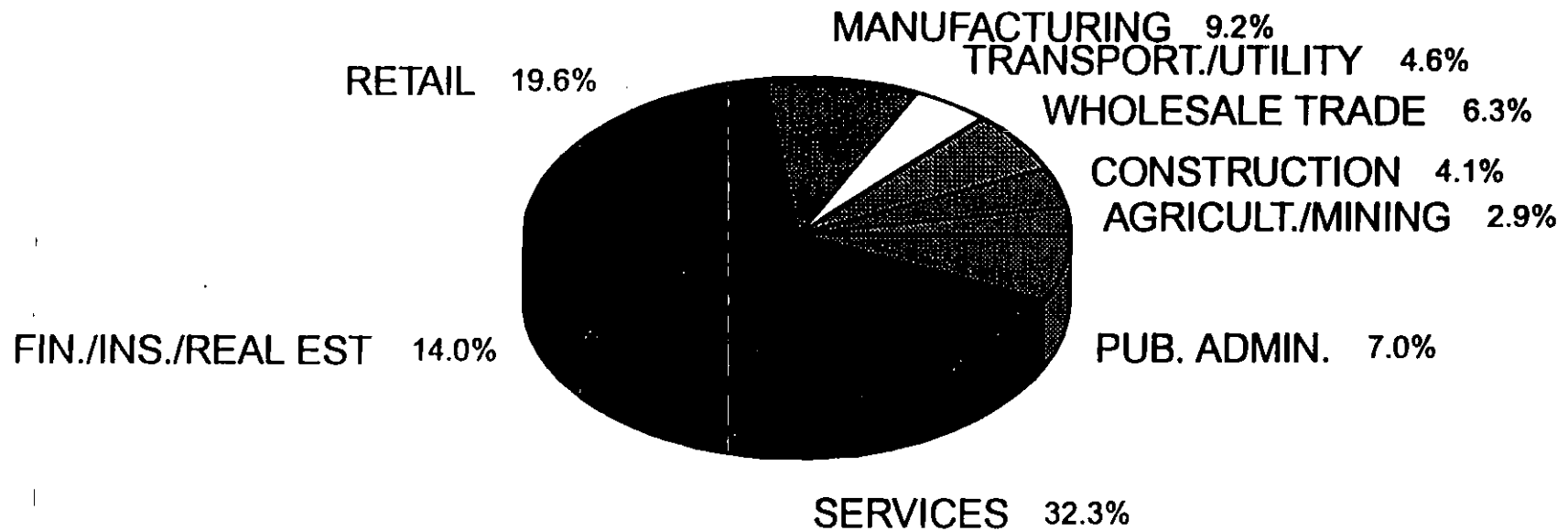
2-PARTY 1,447

1-PARTY LMS 298

TOTAL = 163,305

BUSINESS ESTABLISHMENTS BY TYPE

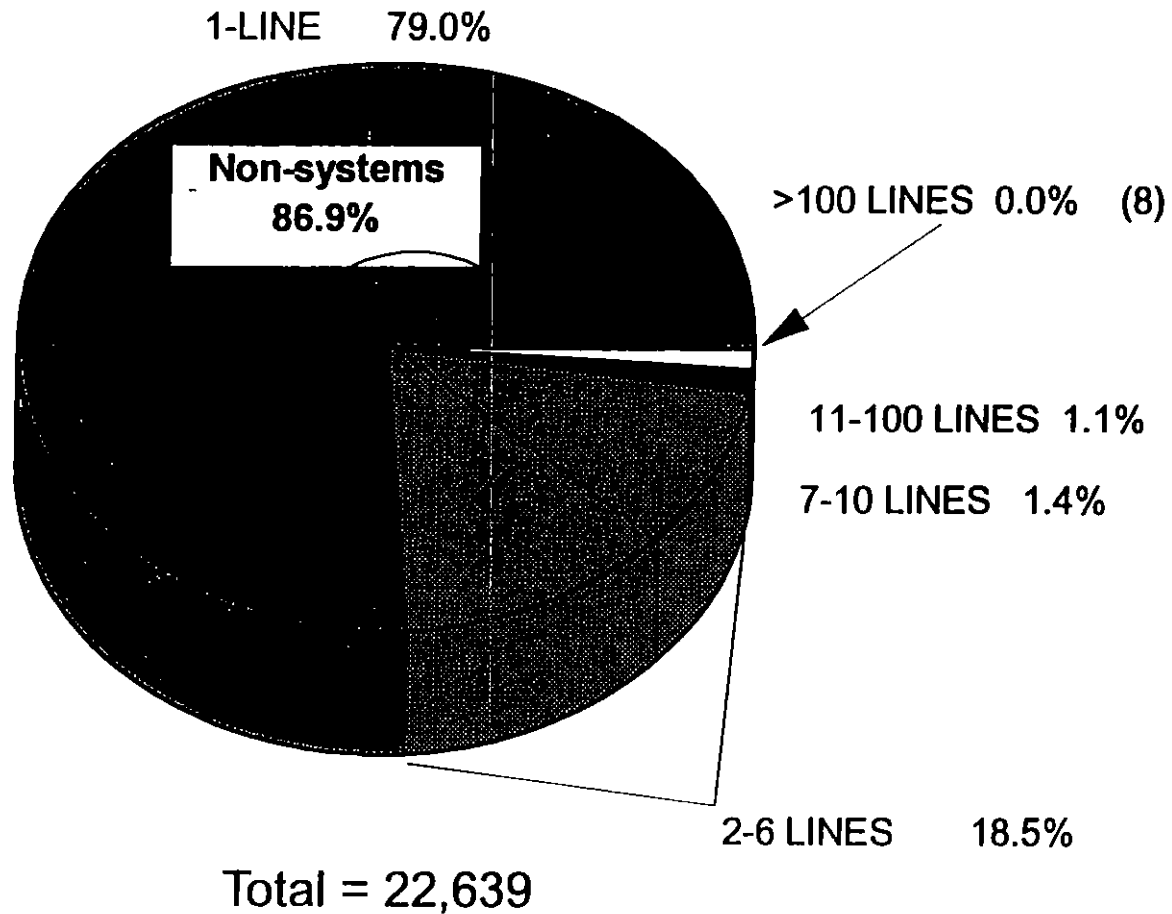
(DECEMBER 1992 DATA)



DISTRIBUTION OF CUSTOMERS

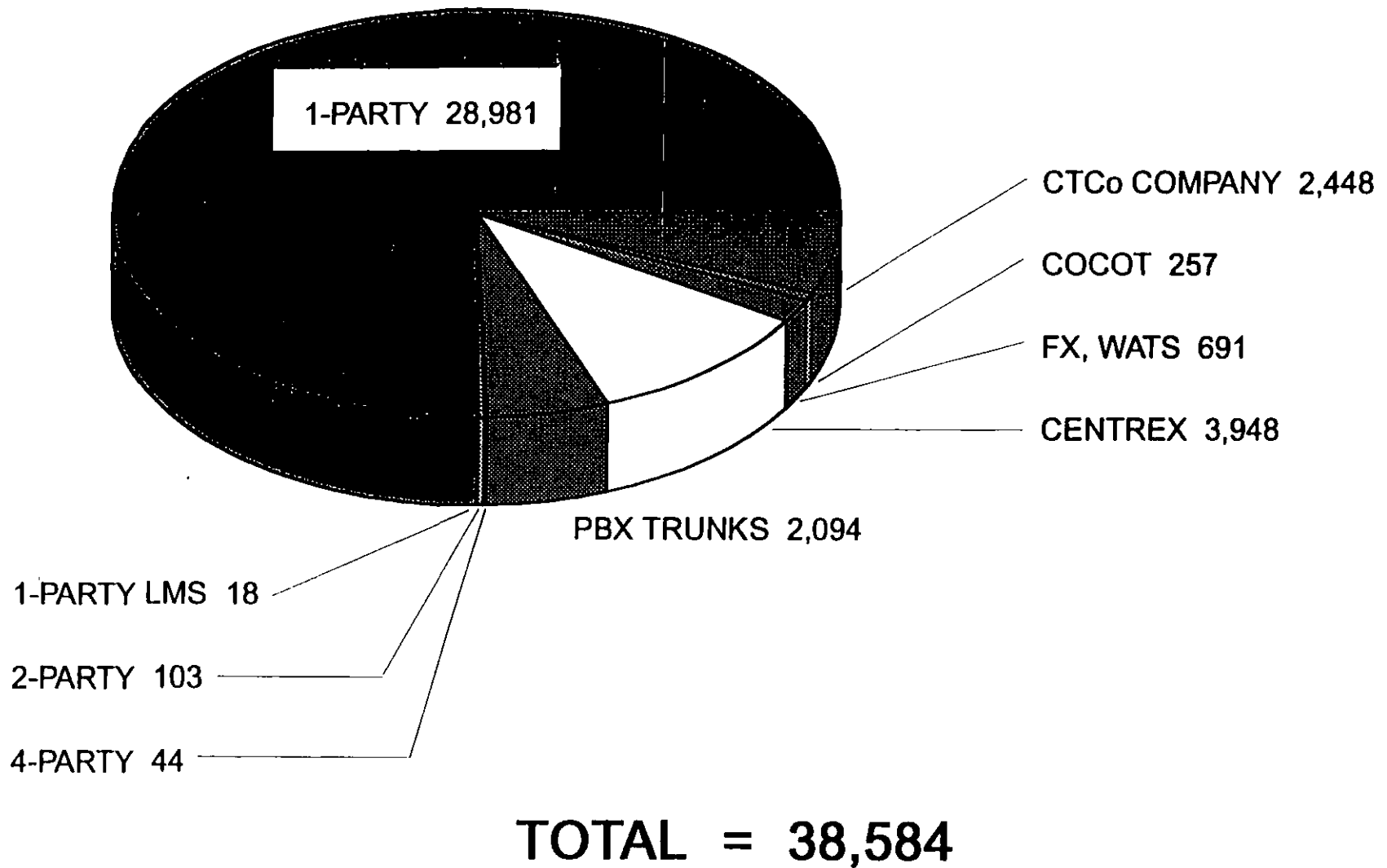
DATA AS OF DECEMBER 1992

BUSINESS CUSTOMERS



BUSINESS MAIN ACCESS LINES

AS OF DECEMBER 1992



Commonwealth

The following profile highlights several noteworthy findings regarding Commonwealth's 1991 customer service performance:

Of all the major companies, Commonwealth was the most effective company at handling complaints in 1991. Commonwealth's justified complaint rate was one of the best in the industry for a third year in a row.

Commonwealth's consumer complaint response time was three days faster in 1991 than in 1990.

Commonwealth's weighted arrearage score increased slightly from 1990 to 1991, but indicates that on average Commonwealth's arrearages are not exceedingly large.

<i>Measure</i>	<i>1990</i>	<i>1991</i>	<i>Industry Average 1991</i>
<i>Justified Complaint Rate</i>	<i>.24</i>	<i>.15</i>	<i>.26</i>
<i>Response Time</i>	<i>15</i>	<i>12</i>	<i>10</i>
<i>Weighted Arrearage</i>	<i>1.84</i>	<i>1.88</i>	<i>2.19</i>

Commonwealth reduced the number of verified violations from 1990 to 1991 by more than one-third.

JUSTIFIED COMPLAINT RATE

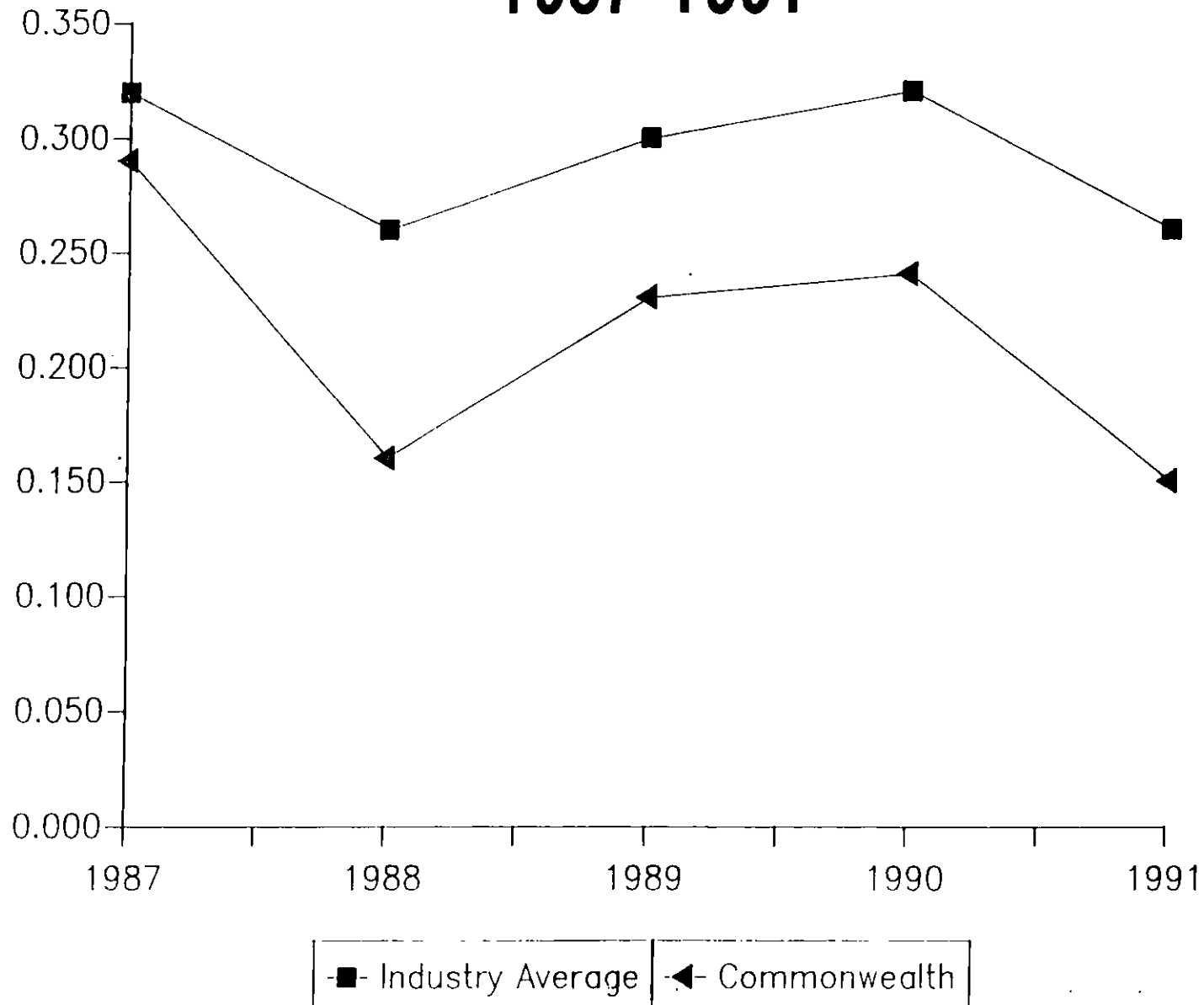
This index combines volume of customer complaints and volume of justified cases. The resulting justified complaint rate reflects a performance measurement incorporating both volume and effectiveness.

$$\text{Justified Complaint Rate} = \text{Residential Consumer Complaint Rate} * \text{Justified Percent}^*$$

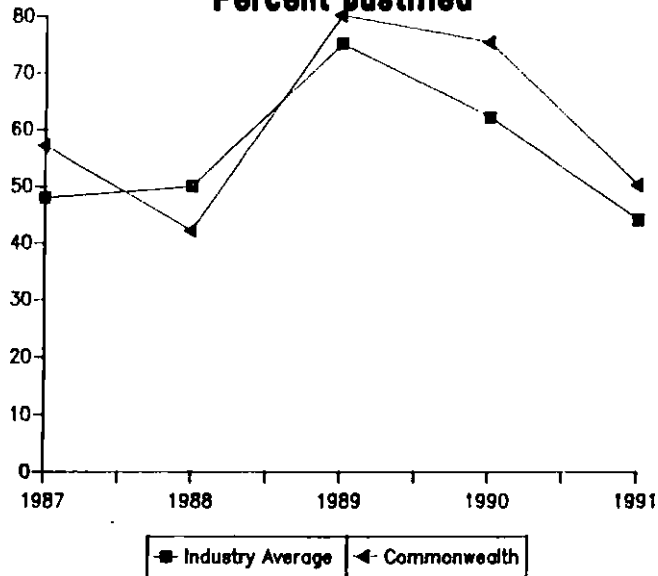
*Both Found on Accompanying Charts

Pg.25 of 1991 PUC Consumer Services Activity Report
"Of all the major companies, Commonwealth was the most effective company in 1991. Commonwealth's justified complaint rate was one of the best in the industry for a third year in a row."

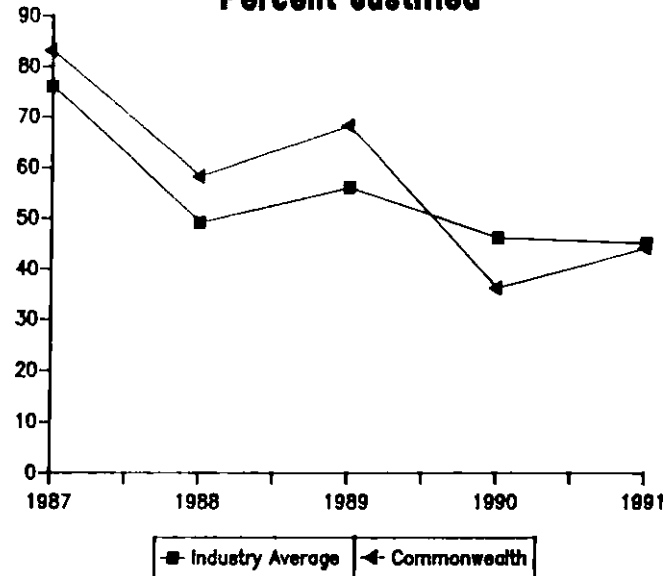
Justified Complaint Rate Major Telephone Companies 1987-1991



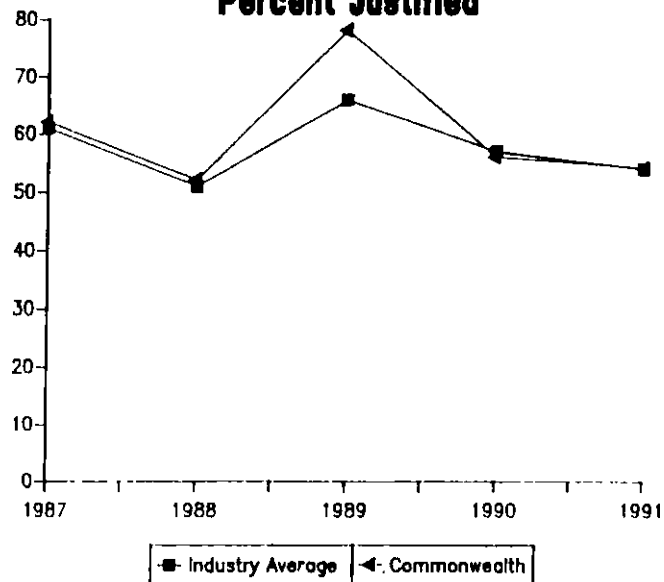
**Chapter 64
Residential Complaints
Percent Justified**



**Non-Chapter 64
Residential Complaints
Percent Justified**



**Total
Residential Complaints
Percent Justified**

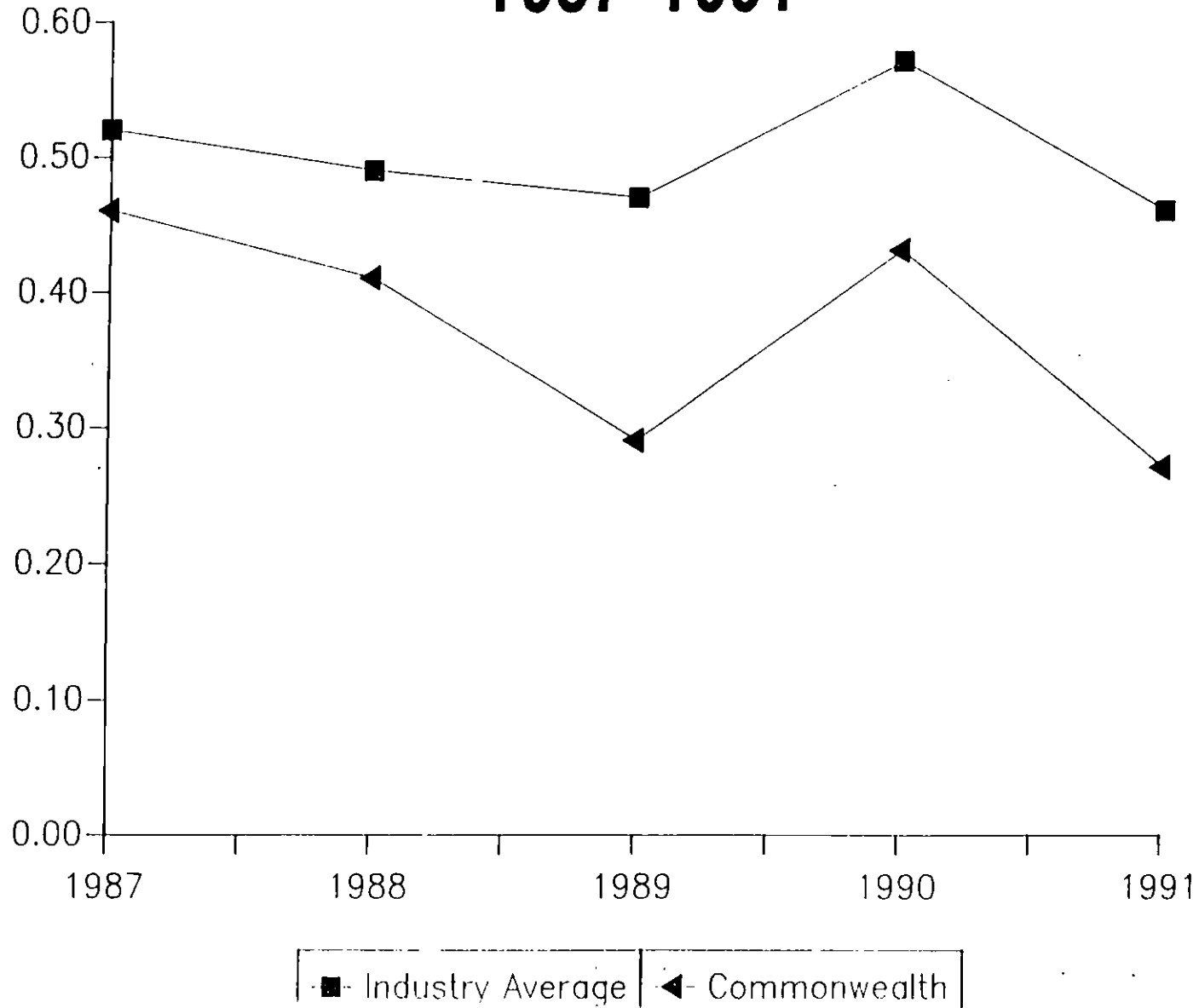


RESIDENTIAL CUSTOMER COMPLAINT RATE

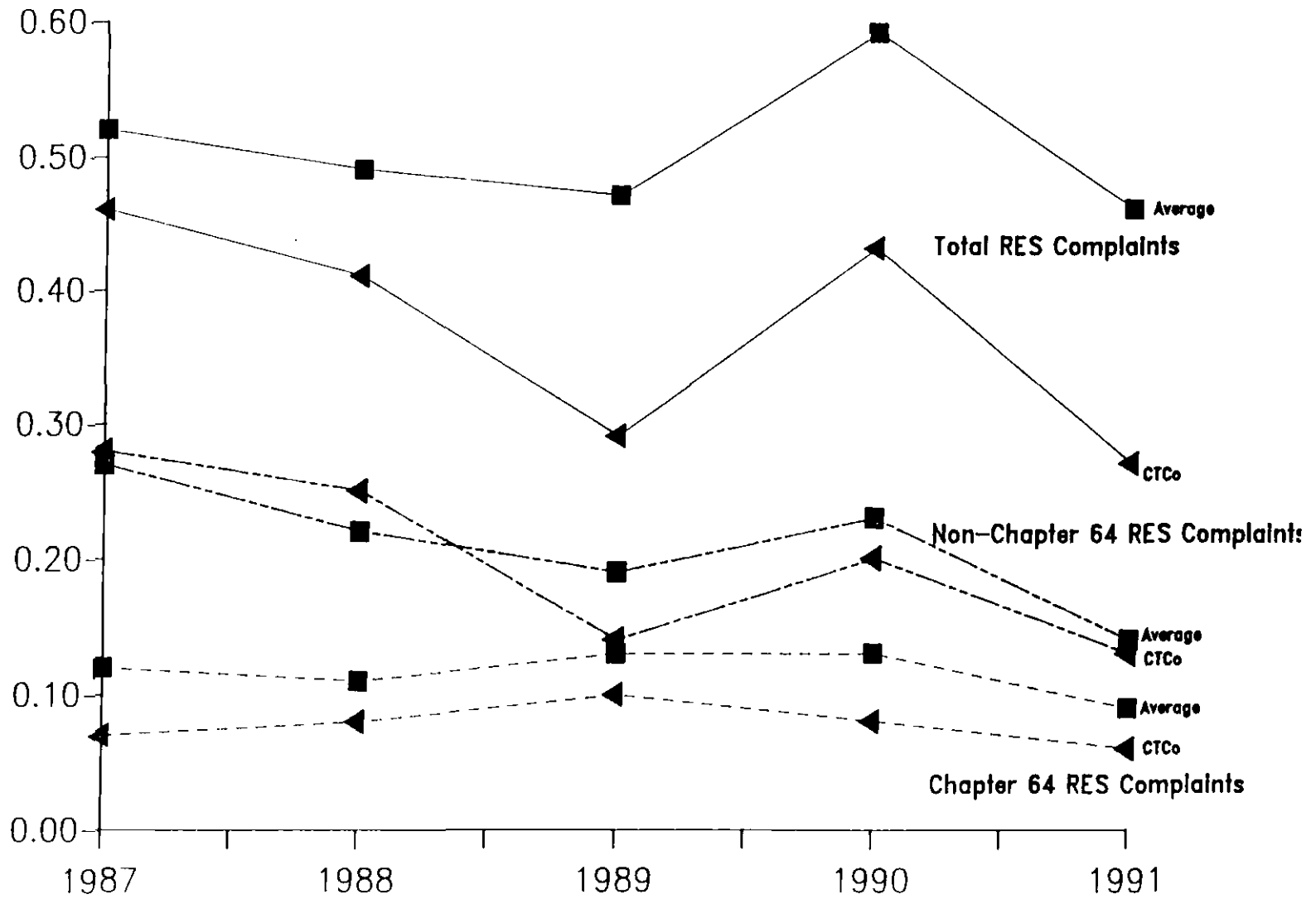
The number of complaints per thousand residential customers. This information is derived from the number of residential consumer complaints opened by the BCS against companies.

$(\text{Residential Complaints} / (\text{Residential Customers} / 1000)) = \text{RES Customer Complaint Rate}$

Complaint Rate Major Telephone Companies 1987-1991



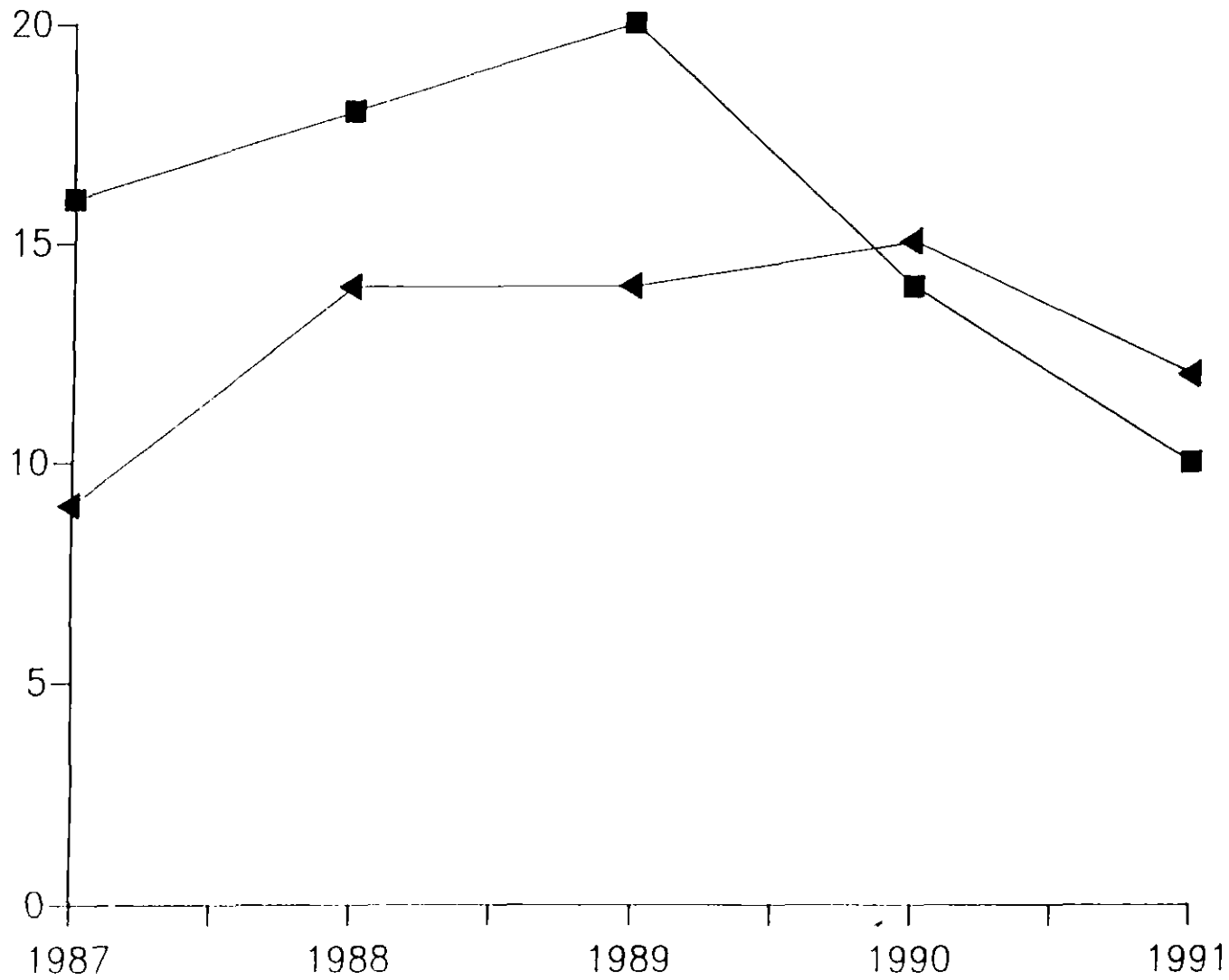
Residential Customer Complaint Rate 1987-1991



RESPONSE TIME

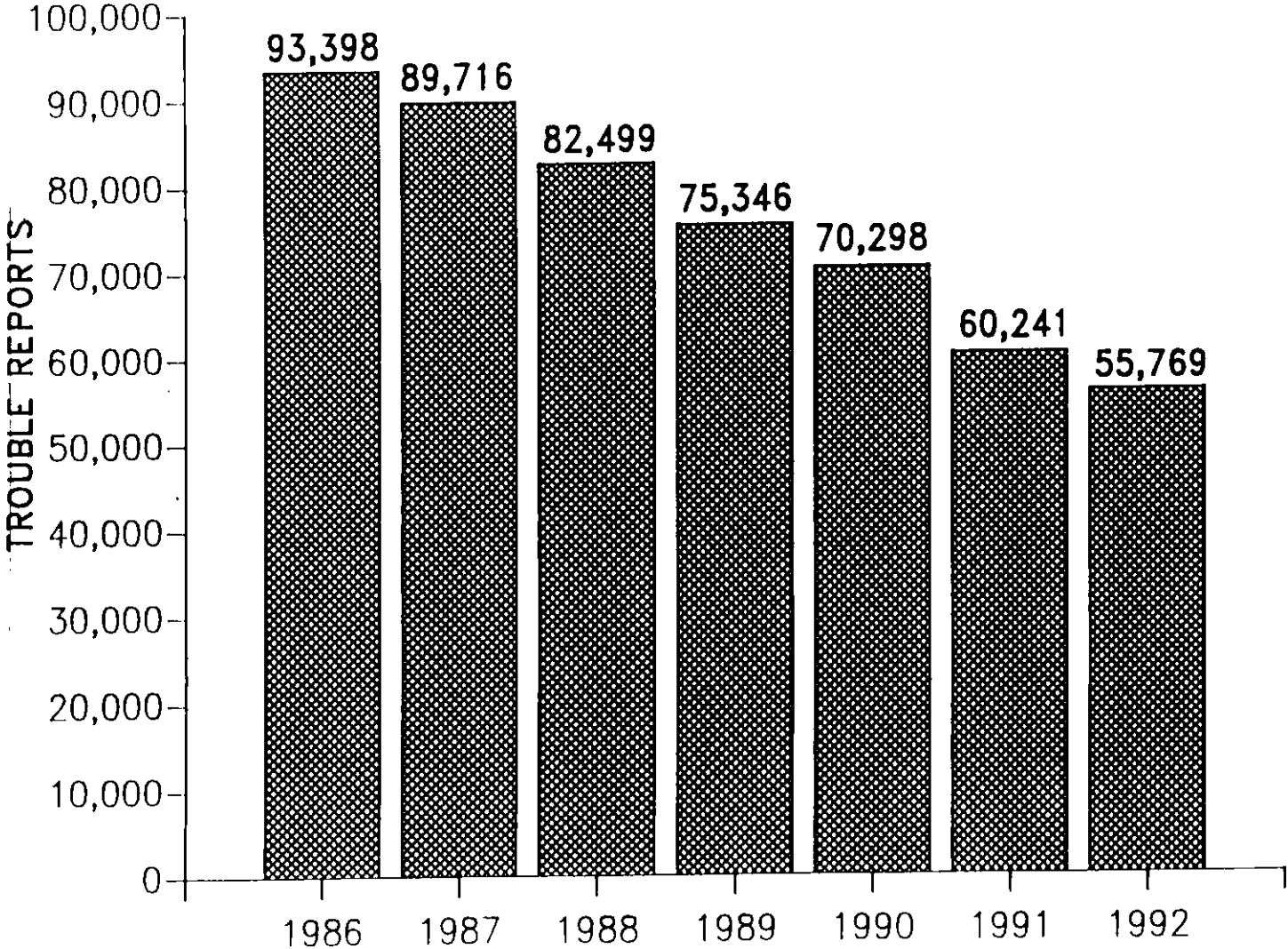
Time span in days from the Bureau's first contact with a company to the date a company provides the Bureau with all information needed to resolve the complaint. Response time quantifies the speed of a utility's response in resolving BCS complaints. It is presented as a mean number of days.

Average Residential Response Time (Days)



■ Industry Average ▲ Commonwealth

COMMONWEALTH TELEPHONE COMPANY TOTAL TROUBLE REPORTS



COMMONWEALTH TELEPHONE COMPANY

1990 CHAPTER 63 REPORTING STATISTICS

SERVICE MEASUREMENT	PUC MANDATE	JAN 1990	FEB 1990	MAR 1990	APR 1990	MAY 1990	JUN 1990	JUL 1990	AUG 1990	SEP 1990	OCT 1990	NOV 1990	DEC 1990	AVERAGE 1990
ADJUSTED TROUBLE REPORTS PER 100 MAL	<=5.50	2.92	2.26	2.43	2.60	2.98	3.21	3.91	4.00	2.74	3.14	2.41	2.16	2.90
INSTALLATION														
PRIMARY SERVICE ORDERS WITHIN 5 DAYS	=>95.00%	99.12%	98.59%	98.72%	97.33%	97.83%	94.73%	94.49%	98.26%	98.30%	98.93%	98.57%	94.29%	97.43%
NON-PRIMARY ORDERS WITHIN 20 DAYS	=>90.00%	99.69%	99.78%	99.91%	99.70%	99.65%	99.66%	99.28%	99.00%	99.00%	99.89%	99.49%	99.71%	99.56%
ALL ORDERS	=>90.00%	96.51%	96.59%	96.80%	97.10%	97.28%	96.55%	96.54%	96.34%	97.03%	96.78%	97.25%	97.86%	96.89%
CUSTOMER CALLS														
REPAIR CENTER:														
PERCENT ANSWERED WITHIN 20 SECONDS	=>85.00%	99%	97%	98%	98%	98%	98%	97%	99%	98%	98%	98%	99%	98%
SPEED OF ANSWER	<=20 SECS	15	11	11	12	12	14	17	12	12	12	11	11	13
BUSINESS OFFICE:														
PERCENT ANSWERED WITHIN 20 SECONDS	=>85.00%	99%	99%	98%	99%	98%	97%	96%	97%	99%	99%	99%	99%	98%
SPEED OF ANSWER	<=20 SECS	11	11	18	11	14	19	24	21	10	11	10	13	14
LOCAL DIAL SERVICE														
DIAL TONE WITHIN 3 SECONDS	=>98.00%	99.95%	99.97%	99.99%	99.99%	99.73%	98.02%	97.81%	99.98%	99.99%	99.81%	99.98%	94.40%	99.14%
INTRA-OFFICE COMPLETE	=>97.00%	99.98%	99.98%	99.96%	99.98%	99.95%	99.92%	99.87%	99.94%	99.93%	99.91%	99.94%	99.91%	99.94%
INTER-OFFICE COMPLETE	=>96.00%	98.07%	99.05%	99.61%	99.72%	99.53%	99.11%	99.85%	99.31%	99.75%	99.64%	99.76%	99.14%	99.38%
DIRECT DISTRIBUTION DIAL SERVICE														
OUTGOING COMPLETE TO TRUNK GROUP	=>97.00%	98.74%	98.77%	98.85%	97.94%	97.77%	98.24%	98.56%	98.18%	98.23%	98.86%	98.79%	98.87%	98.48%
INCOMING COMPLETE TO TRUNK GROUP	=>98.00%	98.48%	98.39%	98.57%	97.80%	97.57%	98.44%	98.62%	98.59%	98.63%	98.61%	98.84%	98.53%	98.42%

COMMONWEALTH TELEPHONE COMPANY

1991 CHAPTER 63 REPORTING STATISTICS

SERVICE MEASUREMENT	PUC MANDATE	JAN 1991	FEB 1991	MAR 1991	APR 1991	MAY 1991	JUN 1991	JUL 1991	AUG 1991	SEP 1991	OCT 1991	NOV 1991	DEC 1991	AVERAGE 1991
ADJUSTED TROUBLE REPORTS PER 100 MAL	<=5.50	2.10	1.61	1.85	2.61	2.63	2.63	3.15	2.60	2.42	2.11	1.93	1.93	2.30
INSTALLATION														
PRIMARY SERVICE ORDERS WITHIN 5 DAYS	=>95.00%	98.95%	99.09%	99.95%	99.73%	99.75%	98.80%	98.54%	98.78%	94.83%	96.80%	98.75%	94.86%	98.24%
NON-PRIMARY ORDERS WITHIN 20 DAYS	=>90.00%	99.71%	99.90%	99.83%	99.35%	99.76%	99.90%	99.70%	99.75%	99.45%	99.84%	99.82%	99.79%	99.73%
ALL ORDERS	=>90.00%	96.89%	96.49%	97.49%	97.80%	97.62%	97.53%	97.37%	97.24%	97.33%	97.67%	97.57%	97.42%	97.37%
CUSTOMER CALLS														
REPAIR CENTER:														
PERCENT ANSWERED WITHIN 20 SECONDS SPEED OF ANSWER	=>85.00% <=20 SECS	93% 10	94% 9	93% 9	91% 10	92% 10	90% 11	90% 11	89% 12	89% 12	89% 12	89% 12	81% 17	90% 11
BUSINESS OFFICE:														
PERCENT ANSWERED WITHIN 20 SECONDS SPEED OF ANSWER	=>85.00% <=20 SECS	87% 10	87% 11	83% 13	90% 11	87% 10	82% 12	88% 9	80% 13	86% 11	85% 11	81% 13	53% 33	82% 13
LOCAL DIAL SERVICE														
DIAL TONE WITHIN 3 SECONDS	=>98.00%	99.94%	99.99%	99.41%	99.99%	99.99%	99.93%	99.74%	98.03%	99.99%	99.51%	99.37%	99.96%	99.65%
INTRA-OFFICE COMPLETE	=>97.00%	99.43%	99.93%	99.90%	99.91%	99.97%	99.95%	98.43%	99.76%	99.84%	99.36%	99.76%	99.58%	99.65%
INTER-OFFICE COMPLETE	=>96.00%	98.82%	99.21%	99.64%	99.64%	99.87%	99.98%	99.96%	99.87%	99.58%	99.78%	99.87%	99.67%	99.66%
DIRECT DISTRIBUTION DIAL SERVICE														
OUTGOING COMPLETE TO TRUNK GROUP	=>97.00%	98.79%	98.68%	98.99%	98.75%	98.93%	99.36%	99.26%	98.07%	98.58%	99.12%	99.17%	98.45%	98.85%
INCOMING COMPLETE TO TRUNK GROUP	=>98.00%	98.44%	98.22%	98.55%	98.12%	98.73%	98.77%	98.84%	98.59%	98.74%	98.88%	98.94%	99.03%	98.65%

COMMONWEALTH TELEPHONE COMPANY

1992 CHAPTER 63 REPORTING STATISTICS

SERVICE MEASUREMENT	PUC MANDATE	JAN 1992	FEB 1992	MAR 1992	APR 1992	MAY 1992	JUN 1992	JUL 1992	AUG 1992	SEP 1992	OCT 1992	NOV 1992	DEC 1992	AVERAGE 1992
ADJUSTED TROUBLE REPORTS PER 100 MAL	<=5.50	1.71	1.59	1.87	1.92	1.99	2.20	2.34	2.07	2.02	1.87	1.76	2.14	1.96
INSTALLATION														
PRIMARY SERVICE ORDERS WITHIN 5 DAYS	=>95.00%	97.83%	99.36%	99.03%	98.70%	99.17%	98.32%	98.25%	98.33%	94.80%	96.71%	98.54%	98.30%	98.11%
NON-PRIMARY ORDERS WITHIN 20 DAYS	=>90.00%	99.65%	99.73%	99.00%	99.73%	99.30%	99.30%	99.76%	99.91%	99.57%	99.82%	99.90%	99.66%	99.61%
ALL ORDERS	=>90.00%	97.66%	97.97%	97.98%	97.34%	97.47%	97.42%	97.05%	97.21%	97.78%	97.21%	98.54%	98.47%	97.68%
CUSTOMER CALLS														
REPAIR CENTER:														
PERCENT ANSWERED WITHIN 20 SECONDS SPEED OF ANSWER	=>85.00% <=20 SECS	87% 13	89% 12	87% 13	91% 12	86% 14	81% 19	84% 17	86% 15	86% 16	86% 16	89% 15	89% 14	87% 15
BUSINESS OFFICE:														
PERCENT ANSWERED WITHIN 20 SECONDS SPEED OF ANSWER	=>85.00% <=20 SECS	88% 10	82% 12	85% 12	82% 12	73% 18	56% 37	43% 59	86% 14	35% 81	54% 57	89% 12	87% 12	72% 28
LOCAL DIAL SERVICE														
DIAL TONE WITHIN 3 SECONDS	=>98.00%	99.98%	99.95%	99.99%	99.99%	99.71%	99.98%	99.73%	99.97%	99.67%	99.98%	99.99%	99.99%	99.91%
INTRA-OFFICE COMPLETE	=>97.00%	99.56%	99.45%	99.61%	99.43%	99.68%	99.76%	99.85%	99.79%	99.81%	99.85%	99.92%	99.82%	99.71%
INTER-OFFICE COMPLETE	=>96.00%	99.45%	99.53%	99.41%	99.60%	99.79%	99.81%	99.89%	99.83%	99.87%	99.88%	99.89%	99.06%	99.67%
DIRECT DISTRIBUTION DIAL SERVICE														
OUTGOING COMPLETE TO TRUNK GROUP	=>97.00%	99.44%	99.37%	99.59%	98.83%	99.42%	99.40%	99.52%	99.70%	99.85%	99.86%	97.89%	98.93%	99.32%
INCOMING COMPLETE TO TRUNK GROUP	=>98.00%	99.74%	99.56%	99.73%	99.45%	99.20%	99.55%	99.53%	99.75%	99.85%	99.86%	99.84%	99.53%	99.63%

Of 33 Pennsylvania Telephone Companies listed on a 1991 PTA Report, Bell had the most access lines (A/L) at 5,334,836. CTCo was fourth following Bell, GTE, and United.

CTCo, despite rural and dispersed territory, rated fourth with 312 A/L per employee; following Brookville (356), Conestoga (343) and Bell (329).

GTE, with 410,797 A/L, had 236 A/L per empl. and United, with 308,111 A/L, had 235 A/L per empl.

Access lines per empl. ranged from 356 to 92 with a mean of 237 A/L per empl.

TELEPHONE ACCESS LINE and GEOGRAPHIC LAND AREA PROFILE

	LAND AREA * <u>(sq mile)</u>	12/1/91 <u>ACCESS LINES **</u>	<u>ACCESS LINES / SQ MILE</u>
USA	3,548,974	140,196,551	39.50
U.S. (Contiguous)	2,971,494	139,293,009	46.88
PA	45,007	6,798,090	151.05
CTCo	5,067	196,622	38.80

* Random House Dictionary Atlas

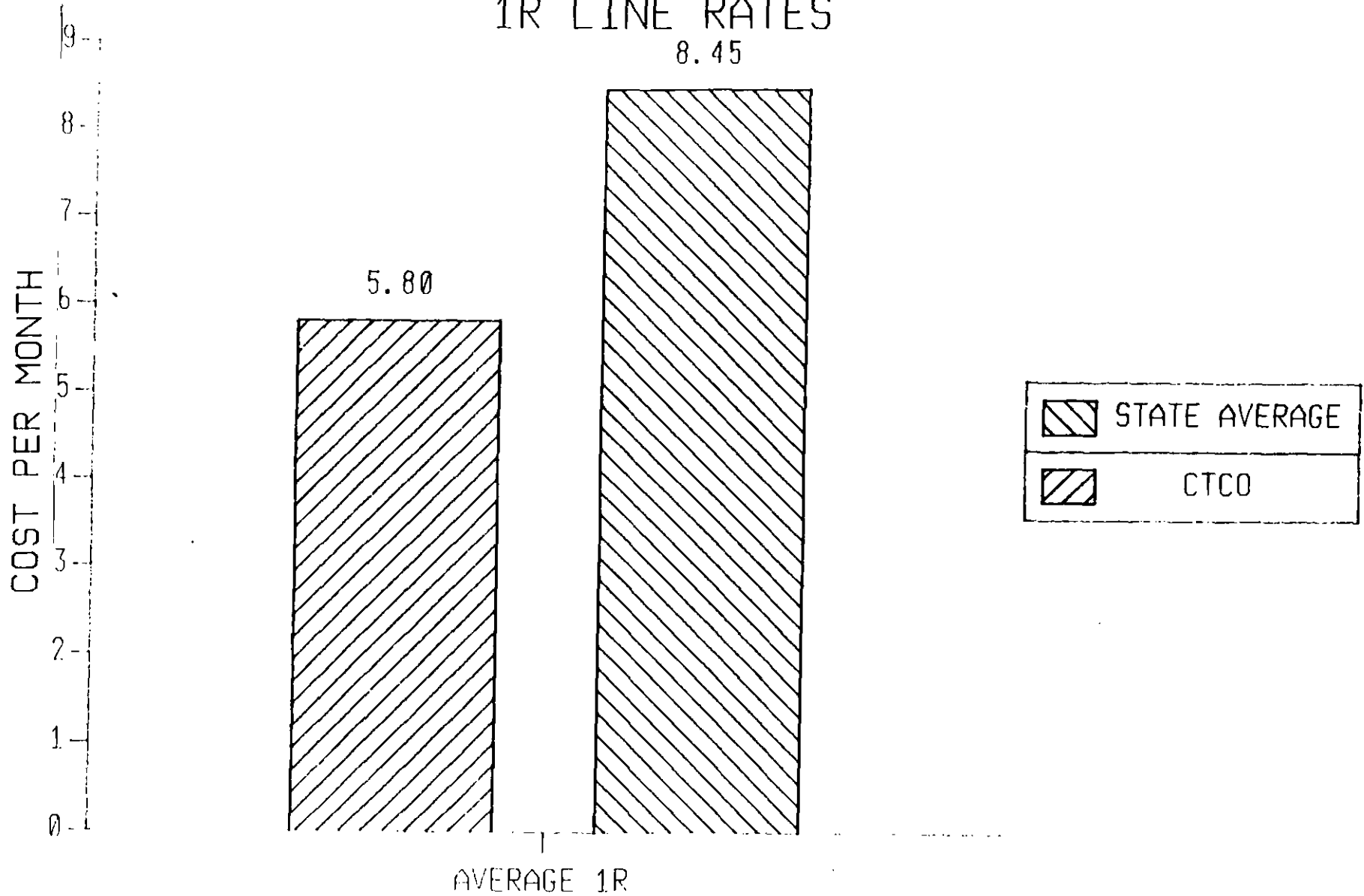
** USTA Phone Facts 1992

 PA LOCAL EXCHANGE CARRIERS
 LOWEST QUOTED
 ONE-PARTY RESIDENCE RATES

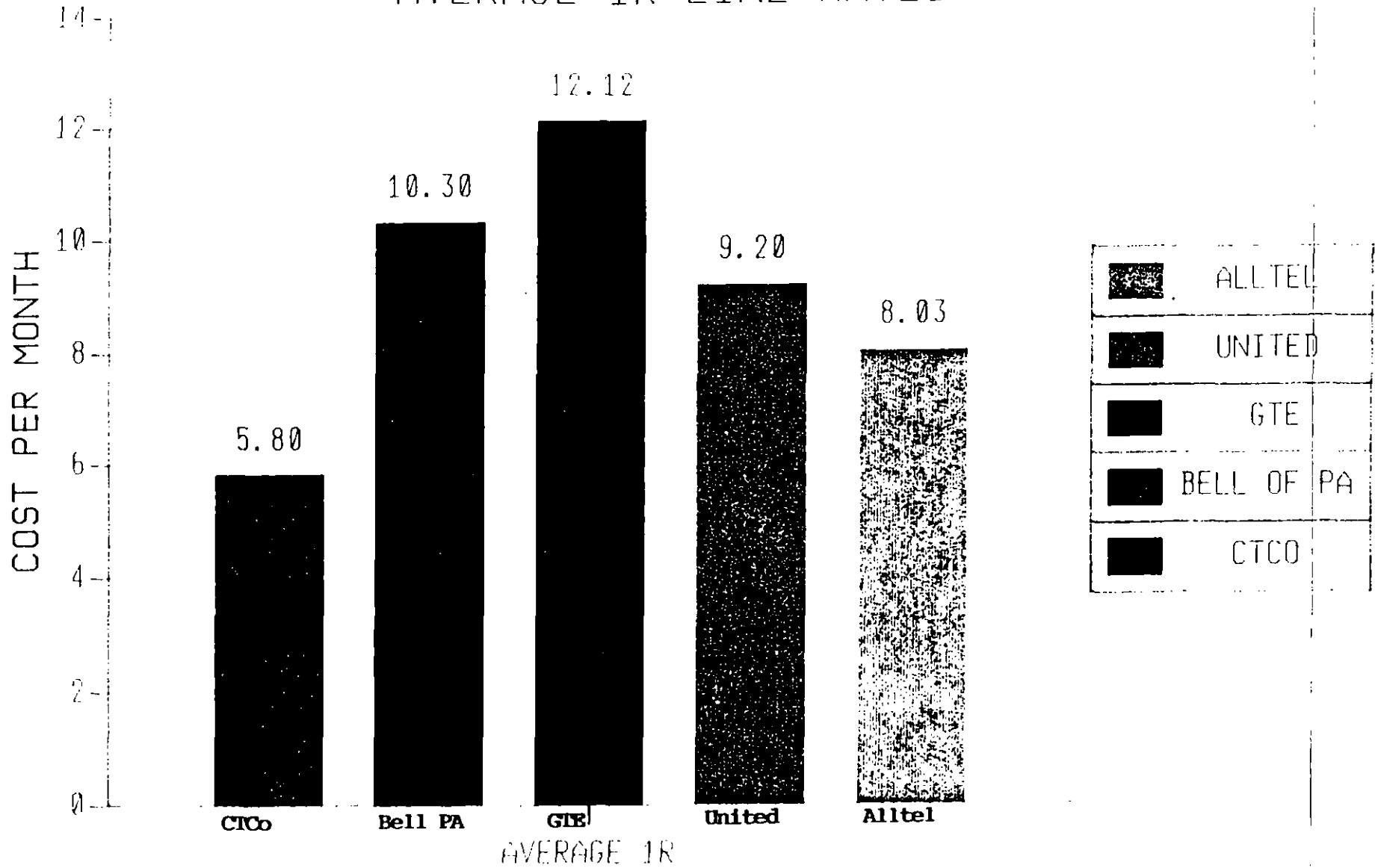
KEY	TELEPHONE COMPANY	LOW IR
001	BUFFALO VALLEY	3.10
002	ALLTEL PA	3.78
003	LAUREL HIGHLANDS	3.80
004	CTCO	4.52
005	ENTERPRISE	4.80
006	PALMERTON	4.88
007	CONESTOGA	4.95
008	YUKON WALTZ	5.00
009	DENVER + EPHRATA	5.20
010	ARMSTRONG	5.69
011	BENTLEYVILLE	5.85
012	NORTH PITTSBURGH	5.95
013	BREEZEWOOD	7.00
014	BELL OF PA	7.30
015	NORTHEASTERN PA TEL	7.35
016	UNITED	7.65
017	LACKAWAXEN	7.70
018	NORTH PENN TEL	8.21
019	HANCOCK	8.30
020	IRONTON	8.30
021	LAKWOOD	8.45
022	HICKORY	8.65
023	SOUTH CANAAN	8.65
024	CITIZENS KECKBURG	9.30
025	MAHANOY + MAHANTANGO	9.65
026	GENERAL	9.69
027	PENNSYLVANIA TEL	9.80
028	VENUS	9.90
029	CANTON	11.00
030	OSWAYO RIVER	11.40
031	MARIANA + SCENERY HL	11.98
032	SUGAR VALLEY	12.51
033	PYMATUNING INDEP	12.79
034	CITIZENS UTILITIES	13.12
035	DEPOSIT	13.88

- FLAT RATE SERVICE QUOTED ONLY
 - ALLTEL PROPERTIES CONSOLIDATED
 - GTE PROPERTIES CONSOLIDATED

CTCO VERSUS STATE AVERAGE 1R LINE RATES



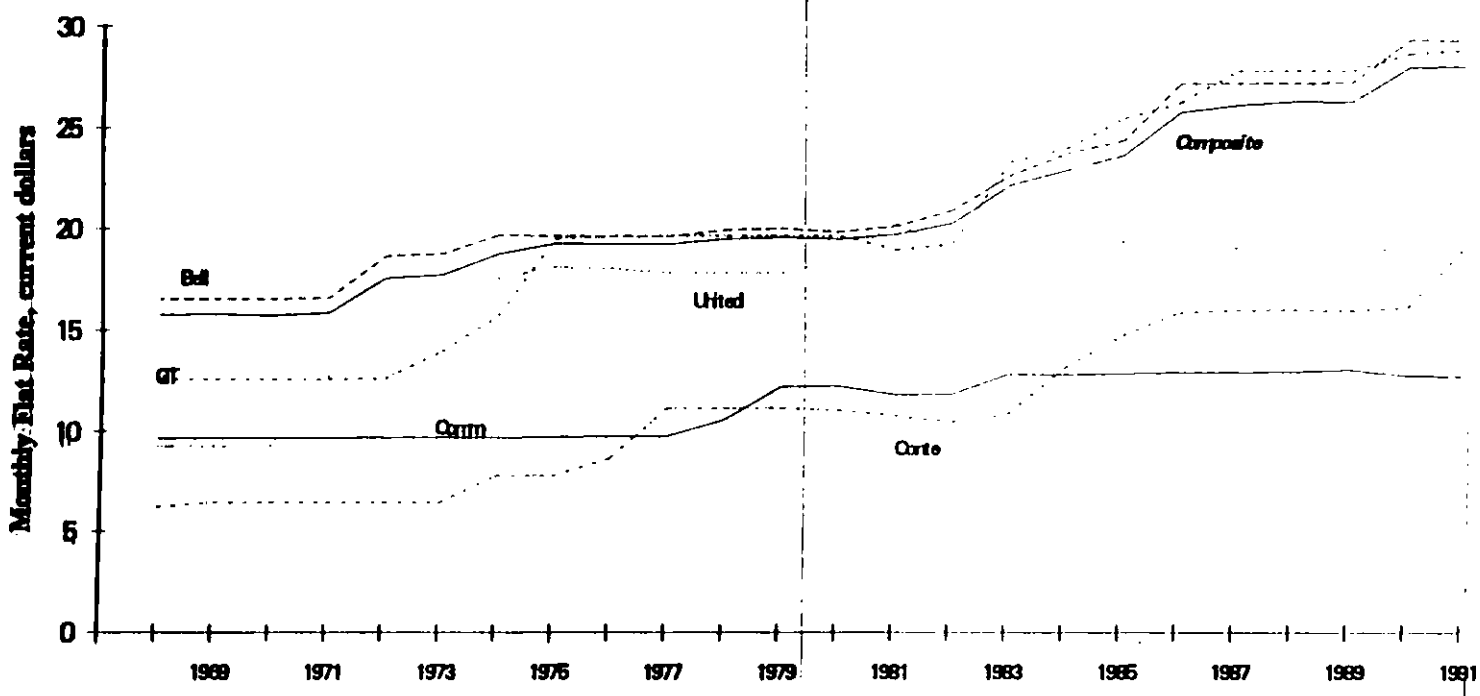
TOP 5 LECS AVERAGE 1R LINE RATES



SOURCE: PA PUC May 1991 Comparison

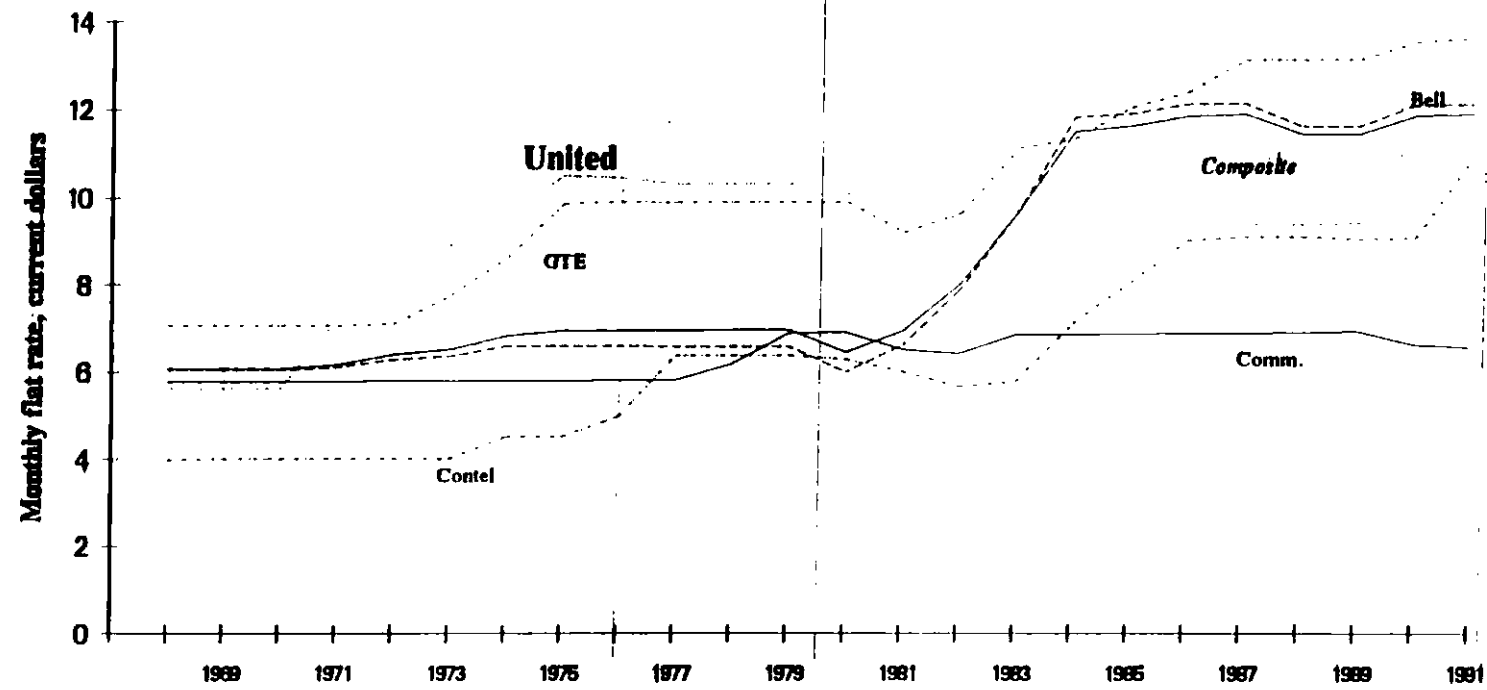
Exhibit 1

PA Local Business Rates



Timelines for local business service rates aggregated across access line bands.
 Source: Rates compiled by DRI/McGraw-Hill from tariffs posted with the Pennsylvania Public Utility Commission.

PA Local Residential Rates



Timeline for local residential service rates aggregated across access line bands.
 Source: Rates compiled by DRI/McGraw-Hill from tariffs posted with the Pennsylvania Public Utility Commission.

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 2

*Exh-1
thru
Exh-3*

I-00920020

7/2/93

Hly Jan

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION :

v. :

DOCKET NO. I-00920020

COMMONWEALTH TELEPHONE COMPANY :

DIRECT TESTIMONY OF
JOSEPH J. LAFFEY
ON BEHALF OF
COMMONWEALTH TELEPHONE COMPANY

CONCERNING: JURISDICTIONAL SEPARATIONS
AND INTRASTATE REVENUES

RECEIVED
MAY 19 1993
P.A.S. H.C.
INFO. CONTROL DIV.

DOCUMENT
FOLDER

Dated: May 3, 1993

DOCKETED
JUL 16 1993

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 2

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DIRECT TESTIMONY OF
JOSEPH J. LAFFEY
ON BEHALF OF
COMMONWEALTH TELEPHONE COMPANY

CONCERNING: JURISDICTIONAL SEPARATIONS,
INTRASTATE REVENUES AND
DEREGULATED SERVICE ALLOCATIONS

Dated: May 3, 1993

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 2
Joseph J. Laffey

1 Q PLEASE STATE YOUR FULL NAME, TITLE AND BUSINESS ADDRESS.

2 A My name is Joseph J. Laffey and I am Director of Revenue
3 Requirements for Commonwealth Telephone Company ("CTCO"). My
4 business address is 100 Lake Street, Dallas, Pennsylvania
5 18612.

6 Q PLEASE DESCRIBE YOUR BACKGROUND AND EXPERIENCE.

7 A I received a Bachelor of Science Degree in Accounting from the
8 University of Scranton and, thereafter, was employed by John
9 Staurulakis, Inc. from 1977 to 1979. I then accepted
10 employment with CTCO where I have held various positions in the
11 Revenue Requirements Department. I assumed my current
12 position in February of 1991.

13 Q ARE YOU ACTIVE IN ANY INDUSTRY ASSOCIATIONS?

14 A I have participated in many industry events over the years.
15 In 1979, I attended the extensive USTA Separations Course.
16 Since then, I have attended numerous industry-related
17 seminars. I have also been an active participant in state and
18 national committee activity over the years. Currently I am a
19 member of PTA's Compensation Subcommittee and IntraLATA
20 Settlements Subcommittee at the state level and OPATSCO's
21 Separations and Policy Committee at the national level.

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 2
Joseph J. Laffey

1 Q HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

2 A Yes, I have. In December of 1992, I testified on behalf of the
3 Pennsylvania Telephone Association ("PTA") in Docket No. I-
4 910010, Generic Investigation Into the Current Provisions of
5 InterLATA Toll Service. The purpose of my testimony,
6 principally, was to address the proposals made by the
7 interexchange carrier witnesses with respect to access charges
8 and the resulting impacts.

9 Q WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

10 A The primary purpose of my testimony in this proceeding is to
11 discuss the procedures used to separate the company's
12 financial data between the interstate and intrastate
13 jurisdictions. In addition, I will identify and describe two
14 significant changes that are impacting the separations process
15 by jurisdictionally shifting costs. I will also explain how
16 these changes impact CTCO's intrastate and interstate
17 jurisdictional cost allocations.

18 Q ARE YOU SPONSORING ANY EXHIBITS ALONG WITH THIS TESTIMONY?

19 A Yes. I am sponsoring the following exhibits:

20 JJL-1 - Narrative of Underlying Studies
21 JJL-2 - 1993 Part 36 Separations Study
22 JJL-3 - 1993 Revenue Forecast.

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 2
Joseph J. Laffey

1 **Q WHAT IS THE BASIS OF THE COMPANY'S SEPARATIONS BETWEEN INTER**
2 **AND INTRASTATE?**

3 **A The company's jurisdictional allocations of investment,**
4 **expenses, reserves and taxes are follow the procedures**
5 **specified in Part 36 of the FCC rules and regulations. The**
6 **purpose of a Part 36 Separations Study is to establish**
7 **regulatory boundaries between the FCC and the state public**
8 **utility commissions. A separations study apportions a**
9 **telephone company's investment, expenses, reserves, and taxes**
10 **between the intrastate and interstate jurisdictions. The**
11 **intrastate jurisdiction is further apportioned to the local,**
12 **intraLATA and interLATA jurisdictions. The four jurisdictions**
13 **are intrastate local, intrastate intraLATA, intrastate**
14 **interLATA, and interstate. Once a study is completed, it can**
15 **be used to calculate intrastate and interstate allocation**
16 **factors which can be used on an ongoing basis to determine**
17 **what portion of a telephone company's investment, expenses,**
18 **reserves, and taxes are associated with the intrastate**
19 **jurisdiction. In other words, the intrastate investments,**
20 **expenses, reserves and taxes, when determined and combined**
21 **with the intrastate revenues, allows the telephone company to**
22 **calculate its intrastate earnings.**

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 2
Joseph J. Laffey

1 Q HOW WERE THE PART 36 SEPARATIONS PROCEDURES DEVELOPED?

2 A The were jointly developed by state and federal regulators.
3 The Federal-State Joint Board ("Joint Board") was formed for
4 this purpose. The Joint Board is composed of three FCC
5 Commissioners and four state Commissioners who are nominated
6 by the National Association of Regulatory Utility
7 Commissioners ("NARUC"). It is authorized by Section 410(c)
8 of the Communications Act of 1934 which requires separations
9 procedures to be jointly developed by state and federal
10 regulators, i.e., the Joint Board. The FCC must refer any
11 proceeding regarding jurisdictional separations to a Joint
12 Board. The current Joint Board dealing with the major
13 separations issues is often referred to as the 80-286 Joint
14 Board. The FCC may also refer any other matter of joint
15 Federal-State concern to such boards. While the Joint Board's
16 decisions are not administratively final, it makes
17 recommendations to the FCC regarding issues referred to it by
18 the FCC. The FCC then acts on the recommendations. FCC
19 decisions referred to a Joint Board are preemptively binding
20 on the states.

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 2
Joseph J. Laffey

1 Q DO THE JURISDICTIONAL SEPARATIONS YOU PERFORMED HERE FOLLOW
2 THE FCC'S PART 36?

3 A Yes. CTCO performs its Part 36 Separations Studies in
4 accordance with Part 36 of the FCC rules and regulations. The
5 basic studies such as traffic, central office equipment
6 ("COE"), cable and wire facilities ("CAWF"), local business
7 office and revenue accounting are performed on an annual basis
8 and are based on historical data. These studies, especially
9 traffic, COE and CAWF, are the most important items that
10 influence the results of the study. Exh. JJL-1 provides a
11 detailed narrative of the basic underlying studies mentioned
12 above.

13 Q PLEASE DISCUSS THE COMPANY'S IDENTIFICATION OF NON-TRAFFIC
14 SENSITIVE COSTS.

15 A One of the major study areas impacting CTCO's intrastate and
16 interstate cost allocations is the non-traffic sensitive
17 ("NTS") cost allocations and the impact of the transitioning
18 SPF. The NTS costs represent one of the most complex cost
19 allocations in the entire separations process. These costs
20 represent primarily the cost of providing the local loop,
21 which does not vary by usage. In 1971, the Joint Board
22 recommended and the FCC adopted the "Ozark Plan" for dealing

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 2
Joseph J. Laffey

1 with NTS costs. This methodology weighted interstate toll
2 usage in an attempt to recognize the deterrent effect that the
3 toll rate schedule had on the usage of NTS plant. This
4 methodology provided that the subscriber plant costs be
5 assigned to the interstate operations on the basis of a two-
6 part formula which assigned proportionately less costs to
7 traffic carried short distances and more costs to traffic
8 carried long distances. The resultant factor that was used to
9 allocate NTS costs was known as SPF. During the subsequent
10 decade, SPF continued to grow as relative interstate usage
11 grew. In 1981, the FCC froze the interstate SPF.

12 **Q WHAT HAS BEEN THE MORE RECENT FCC PROCEDURES RELATIVE TO THE**
13 **INTERSTATE SPF?**

14 **A** In 1986, the FCC, based upon a Joint Board recommendation,
15 dictated that interstate SPF should be phased down to a 25%
16 gross allocator for NTS costs. This phase down will be
17 complete in 1993.

18 The impact to CTCO of the transition of the interstate
19 SPF to 25% is a shift of costs from the interstate
20 jurisdiction to the intrastate jurisdiction. The shift
21 produces a negative impact on the intrastate rate of return
22 because it assigns proportionately more costs to that

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 2
Joseph J. Laffey

1 jurisdiction. In summary, CTCO's existing intrastate rates
2 (e.g., local services, toll and access rates) must support not
3 only the current intrastate costs, but also all the additional
4 costs being shifted to the intrastate jurisdiction.

5 **Q WHAT OTHER FACTORS SIGNIFICANTLY AFFECT JURISDICTIONAL**
6 **SEPARATIONS?**

7 **A** A separations indicator for local switching equipment known as
8 Dial Equipment Minutes ("DEM") has a pronounced impact.
9 Effective January 1, 1988, the FCC adopted Part 32 accounting
10 rules and canceled Part 31 accounting rules for local exchange
11 carriers. Effective the same date, the Joint Board
12 recommended and the FCC adopted Part 36 separations rules and
13 canceled Part 67 separations rules. One of the goals of the
14 Part 36 rules was to simplify separations.

15 It was decided that the appropriate separations indicator
16 for local switching equipment was DEM. Because an immediate
17 change to using DEM to separate local switching equipment
18 would have resulted in significant jurisdictional shifts, a
19 transition period was implemented. The results of the old
20 Part 67 allocations of Categories 4, 5, 6 and 7 was computed
21 as of December 31, 1987 and frozen as a jurisdictional factor.
22 This became known as the "A component", or embedded allocator.

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1 The separations allocator obtained by computing the relative
2 jurisdictional percentage of DEM became known as the "B
3 component", or measured DEM. The DEM allocator used in
4 separations is a weighted average of the A component and the
5 B component. For 1990, DEM was computed as 0.5 times the A
6 component plus 0.5 times the B component. For 1991, DEM was
7 computed as 0.3 times the A component plus 0.7 times the B
8 component. For 1992, DEM was computed as 0.1 times the A
9 component plus 0.9 times the B component. For 1993 and
10 thereafter, the A component is not used and DEM consists only
11 of the B component.

12 The new DEM allocator recognizes weighted factors for
13 small telephone companies. The decision to use the DEM
14 allocator was tempered by two concerns. The first concern was
15 "abrupt jurisdictional shifts." This concern was addressed by
16 implementing a transition period as discussed in the above
17 paragraph. The second concern was the impact on small
18 telephone companies of using a pure measured DEM to allocate
19 local switching equipment. To meet this concern, the Joint
20 Board recommended and the FCC adopted weighting factors to be
21 applied to the interstate portion of the B component. The
22 weighting factors varied by size of study area. Study areas
23 of fewer than 10,000 lines apply a 3.0 weighting factor; study

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1 areas of 10,001 to 20,000 lines apply a 2.5 weighting factor;
2 study areas of 20,001 to 50,000 lines apply a 2.0 weighting
3 factor, and study areas of over 50,000 lines apply a 1.0
4 weighting factor, i.e., do not use a weighting. Since CTCO is
5 larger than 50,000 lines, CTCO's DEM reflects a weighting
6 factor of 1.00 or, in other words, CTCO's DEM allocator is not
7 weighted.

8 The impact to CTCO of the transition to the new
9 unweighted DEM is a shift of costs from the interstate
10 jurisdiction to the intrastate jurisdiction. There are two
11 major reasons for the jurisdictional shift of local switching
12 costs. First, the entire switch is now considered Traffic
13 Sensitive ("TS") and is allocated based upon the new
14 unweighted DEM. Previously, the switch was considered NTS and
15 TS. The NTS portion was allocated based upon the SPF and the
16 TS portion was allocated based on a "weighted" DEM. The
17 weighting factor was dependent on the type of switch equipment
18 and the size of the office. Both the interstate SPF and
19 weighted DEM are greater than the unweighted DEM used today.
20 Consequently local switching equipment costs are shifted to
21 the intrastate jurisdiction. In summary, once again, CTCO's
22 existing intrastate rates must support not only the current
23 intrastate costs, but also all the additional costs being

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1 shifted to the intrastate jurisdiction.

2 **Q ARE THE RESULTS OF THIS PART 36 SEPARATIONS METHODOLOGY**
3 **PRESENTED BY THE COMPANY IN THIS PROCEEDING?**

4 **A** Yes. They are attached to my testimony as Exhibit JJL-2.

5 **Q WHAT IS THE COST OF PROVIDING INTRASTATE INTERLATA ACCESS**
6 **SERVICE?**

7 **A** As identified in Exhibit JJL-2, the costs associated with the
8 provision of intrastate interLATA service are \$11,660,638. Of
9 this amount, \$11,310,599 is related to message telephone
10 service and \$350,039 is related to private line service.

11 **Q PLEASE IDENTIFY THE COST OF PROVIDING INTRASTATE INTRALATA**
12 **ACCESS AND TOLL SERVICE DURING THE TEST YEAR.**

13 **A** As set forth in Exhibit JJL-2, the costs associated with the
14 provision of intrastate intraLATA service are \$33,871,905.
15 \$32,494,312 is related to message telephone service and
16 \$1,377,593 is related to private line service.

17 **Q HAVE YOU IDENTIFIED THE COST TO THE COMPANY OF PROVIDING**
18 **EXCHANGE SERVICE?**

19 **A** Yes. As set forth in Exhibit JJL-2, the test year cost of the

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1 provision of exchange service is \$55,756,917. Exchange
2 services included in this category are: basic services,
3 vertical services, local pay station services, and other
4 miscellaneous services.

5 **Q WHAT CONCLUSIONS ARE YOU ABLE TO DRAW FROM THESE STUDIES ABOUT**
6 **EXCHANGE SERVICE?**

7 **A** CTCO's exchange service rates are well below the costs of
8 providing these services and are subsidized. As noted above,
9 the cost of providing exchange service is \$55,756,917. On the
10 other hand, our exchange service rates will generate only
11 \$25,648,000 of revenue during the same period.

12 **Q PLEASE DESCRIBE THE DEVELOPMENT OF TEST YEAR REVENUES.**

13 **A** I have forecasted local service revenue growth of 3.1% based
14 upon historic access line growth of 2.98%, factoring in also
15 growth in vertical services. Intrastate access revenue growth
16 is 2.1%. Historical trending was used in access minute growth
17 development. Intrastate/InterLATA access minutes growth is
18 1.0%, while ITORP terminating minute growth is 2.8%.
19 Intrastate long distance revenue growth is 3.2%, due primarily
20 to IntraLATA message growth of 3.75%. This also is developed
21 using historical trending. Miscellaneous and uncollectible

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1 revenue grew by 0.8%, with moderate growth in all categories.
2 Attached to my testimony is Exhibit JJL-3 which sets forth
3 1993 revenues by account.

4 **Q HAVE YOU REMOVED EXPENSES ASSOCIATED WITH DEREGULATED**
5 **SERVICES?**

6 A Yes. 7.66% of CTCO's total 1993 operating expenses (excluding
7 depreciation expense) have been removed below the regulatory
8 line as associated with deregulated activities.

9 **Q PLEASE DESCRIBE THESE DEREGULATED SERVICES AND THE METHODOLOGY**
10 **OF EXPENSE REMOVAL.**

11 A With respect to CPE sales and maintenance, inside wire
12 maintenance and voice mail, each associated account was
13 reviewed and an allocation factor developed based upon time
14 studies, relative plant investment or some other direct and
15 indirect allocation method. The expense dollars originally
16 booked to a joint account are then allocated to regulated or
17 deregulated activity based upon these allocation factors. The
18 allocation factors are revised annually.

19 With respect to interstate billing and collection,
20 expenses are removed according to the FCC's Parts 36 and 69.

21 Mr. Burnside has set forth the Company's proposal to

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1 deregulate intrastate billing and collection also. The
2 associated expenses have been allocated below the regulatory
3 line according to the same FCC/Parts 36 and 69 method.

4 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5 **A Yes, thank you.**

CABLE AND WIRE FACILITIES (CAWF) STUDY

This process involves analyzing and categorizing all interexchange and host/remote routes for each exchange. The Interexchange routes consist of circuits serving the following services: message toll, private lines and EAS. The host/remote routes provide local service as well as the above mentioned services. Both intraexchange and interexchange routes are analyzed for host/remote routes. The purpose of the analysis process is to categorize all CAWF investment for the Part 36 Separations study.

"Straight line" diagram are the basis for analyzing each route. These diagrams show the routes divided into sections by type of cable (e.g. aerial, buried, and underground), size of cable (e.g. pair, gauge, make of cable) and pair counts. The diagrams also show load coils and build-out capacitors in place for the routes. Each diagram is filed in its own folder i.e. one route --> one diagram --> one folder. There are currently about 550 folders that are maintained and analyzed on a yearly basis. These folders are the starting point for performing the CAWF study.

Cable Link Pair Assignment Sheets are used to analyze all copper interexchange routes. These sheets contain the following information: identity of the route, the carrier systems and the associated circuits working over the route and the cable pairs. The sheets also include interexchange and intraexchange host/remote pairs. These assignment sheets are analyzed to determine the total working pairs for each section of the route.

Fiber Optic Channel Assignment Record Sheets are used to analyze all fiber interexchange routes. These sheets contain the following information: identity of the route, system number, number of channels equipped and working, multiplexer type and number, systems working over the route, and how many circuits are working over each route. The sheets also include all host/remote spans working on the route. These assignment sheets are analyzed to determine the total working pairs for each section of the fiber optic route.

Local Pair Count Reports are used to analyze the routes with regard to local usage. These reports show the cable numbers and pairs (also number of pairs equipped, working, and vacant). These reports are used to determine the number of working local pairs for each particular section of the route.

Continuing Property Records (CPR) are used to determine the investment for all routes. These records are

detailed by exchange and by type of cable i.e. aerial, buried, underground, and house cable. The records show the exchange, the original work order, the pole numbers included for the particular length of cable, the year of the cable, the cable code, the quantity or footage of the cable, the unit cost, and total cost. Each section on the straight line diagram is matched to a line item on the CPR. (Any section may include more than one line item on the CPR.) The cable size, gauge of cable, type of cable (aerial, buried, underground), and footage are cross-referenced and verified to the diagram. The cost of the section of cable is then identified along with the cost of any load coil or build-out capacitor shown on the diagram.

Once all the above mentioned information is obtained, the CAWF analysis proceeds on an folder by folder basis. A separate spreadsheet is maintained for each section of the route contained in the folder.

- 1) For each section, the investment cost is identified in the CPR
- 2) For each section, the used pairs are identified and assigned to the following categories:
 - Cat 1 Local Lines
 - Cat 3 EAS Interexchange (carrier pairs)
 - Cat 3 Special Services Interexchange (Carrier pairs)
 - Cat 3 Toll Interexchange (Carrier pairs)
 - Cat 3 Special Services Interexchange (Physical pairs)
 - Cat 3 Toll Interexchange (Physical pairs)
 - Cat 4 Host/Remote (Interexchange and Intraexchange)
- 3) For the above analysis (#2), the used pairs for Special Services, Toll, EAS, or Interexchange Host/Remotes are taken from the analyses developed from the Cable Link Pair Assignment Sheets. The used local pairs are obtained from the Local Pair Counts Report.
- 4) The spreadsheet is used to allocate the CAWF investment for each route section to the above mentioned separations categories based on a functional analysis of the working pairs associated with that section.
- 5) Every section of the route is analyzed in the same manner.
- 6) The sectional spreadsheets are summarized into route specific summaries.
- 7) The route specific summaries are summarized into exchange summaries.
- 8) The exchange summaries are summarized into district summaries and then a total company summary.
- 9) The total company summary is inputted in the Part 36 study.
- 10) The Part 36 study treats these categories in the

following manner:

- Cat 1 joint message local lines are allocated to local, state toll and interstate toll services based on the transitional SPF allocation factor.
- Cat 1 private line local lines are allocated to local, state and interstate private line services based on the relative number of working loops.
- Cat 3 toll interexchange facilities are allocated to state toll and interstate toll services based on the Conversation Minutes Miles (CMM) allocation factor.
- Cat 3 EAS interexchange facilities are directly assigned to local service.
- Cat 3 private line interexchange facilities are allocated to state private line and interstate private line services based on the number of relative working loops.
- Cat 4 host/remote facilities are allocated to local, state toll and interstate toll based on the Minutes of Use Miles (MOUM) allocation factor.

CENTRAL OFFICE EQUIPMENT (COE) STUDY

This process involves analyzing and categorizing all COE work order activity (i.e. additions, retirements, transfers and adjustments) recorded in the Continuing Property Records (CPRs) from July '9x to June of the following year for each exchange for the current study. The purpose of the analysis process is to categorize all COE investment for the Part 36 Separations study.

The following steps are performed in the COE categorization study process:

- 1) Identify all work order activity for each exchange for the current study year,
- 2) Analyze and categorize each line entry on each work order as one of the following:
 - Cat 2 tandem switching
 - Cat 3 local switching
 - Cat 4.12 eas circuit
 - Cat 4.13 local circuit
 - Cat 4.23 toll circuit
 - Cat 4.3 host/remote circuit
 - Cat 4 prorate circuit (must be allocated to the above circuit categories),
 - Cat 4 special test prorate circuit (must be allocated to the above circuit categories),
 - Cat 4 intraoffice prorate circuit (must be allocated to the above circuit categories),
 - Cat 4 fiber optic prorate circuit (must be allocated to the above circuit categories),
 - Common miscellaneous prorate (must be allocated to the above switching and circuit categories),
 - Common power prorate (must be allocated to the above switching and circuit categories),
- 3) If work orders retire and/or remove equipment, then the original work order that placed the equipment is reviewed to determine the equipment's original categorization.
- 4) The categorization of each exchange is summarized and maintained on its own spreadsheet. The spreadsheet summarizes the exchange's COE investment by work order and separation' categorization.
- 5) After all work orders are analyzed and categorized, the prorate investments are allocated to the separations categories. The prorates are spread

according to an analysis of the exchange's systems working over the circuit equipment:

- a) Cat 4 Prorate is allocated based on information obtained from the Circuit Information worksheet for the exchange. This worksheet is a combination of the 1) cost separations data (e.g. number of toll and eas circuits with circuit miles), 2) the Intermediate Facility Termination Points Report (which identifies toll and EAS pass-thru terminations), and 3) the Private Line Report (which identifies special service circuits). An allocation percentage (percent to total) is calculated for toll/special service and eas according to the type of facilities used (i.e. physical, carrier, fiber optic, and microwave). Then the 4 prorate investment is detailed by type of facility and allocated to the circuit categories by the appropriate allocation percentage.
- b) Cat 4 Intraoffice Prorate is allocated to the circuit categories based on the analysis of intraoffice circuits in the exchange. The allocation factor is calculated based on the following cost separations data: intraoffice circuits and intraoffice traffic factors.
- c) Cat 4 Fiber Optic Prorate is allocated to the circuit categories based on a analysis of the fiber optic systems (in service and working) for the exchange.
- d) Cat 4 Special Test Prorate is allocated to the circuit categories based on information obtained from the Circuit Information worksheet (specifically the Cost Separations Data for the exchange). The allocation factor is calculated based on the percentage of toll and eas circuits.
- e) Common Miscellaneous (CM) Prorate and Common Power (CP) Prorate are categorized last. These investments are categorized by prorating the investment to all the COE categories based on the previous categorization of all other COE.
- f) The exchange COE categorization summaries are combined into a total company summary.
- g) The total company summary is inputted in the Part 36 study.
- h) The Part 36 study treats these categories in the following manner:

- Cat 2 tandem switch is allocated to state toll and interstate toll services based on the intertoll switch allocation factor.
- Cat 3 local switch is allocated to local, state toll and interstate toll services based on the transitional DEM allocation factor.
- Cat 4.12 EAS circuit is directly assigned to local service.
- Cat 4.13 joint message circuit is allocated to local, state toll and interstate toll services based on the transitional SPF allocation factor.
- Cat 4.13 private line circuit is allocated to local private line, state private line and interstate private line services based on the relative number of working loops.
- Cat 4.23 toll interexchange circuit is allocated to state toll and interstate toll services based on the Conversation Minutes (CM) allocation factor.
- Cat 4.23 private line circuit is allocated to state private line and interstate private line services based on the relative number of private line terminations.
- Cat 4.3 host/remote circuit is allocated to local, state toll and interstate toll based on the Minutes of Use Miles (MOUM) allocation factor.

Subscriber Line Usage (SLU)

Data required :

annualized peg counts
annual messages by jurisdiction Report CXTL028
holding times from most current study
analysis of LATA wide terminating FGA minutes
Feature group B access minutes
analysis of FGB reported by Bell Telephone
interim 800 minutes

Annualized peg counts and annual jurisdictional messages are multiplied by seven day holding time to determine jurisdictional minutes. FGA and FGB minutes are then allocated or reversed from the jurisdictions as specified by calculations supplied by Revenue Requirements. Interstate interim 800 minutes are then added to the interstate minutes while the intrastate portion is split using a percentage from the Carrier Access Billing System and then added to the appropriate jurisdictional minutes.

FGA and FGB are split over the exchanges using main access lines.

Dial Equipment Minutes (DEM)

Data required :

annualized peg counts
annual messages by jurisdiction Report CXTL028
holding time from most current study
FGA + FGB usage
interim 800 minutes
WATS minutes

Same calculations as above except WATS minutes are added to totals.

Average Length of Haul (ALOH)

Data required :

ALOH fiche for period of study

Average of data by jurisdiction for study period.

Conversation Minute Mile (CMM)

Data required :

STARS 901 two way conversation minute miles
STARS 902 originating messages
messages by jurisdiction Report CXTL028
circuit miles supplied by Revenue Requirements

Two way conversation minute miles divided by STARS 902 originating messages to derive holding time. Company messages are then multiplied by this holding time to calculate conversation minute miles by jurisdiction. Percentage that is derived for each jurisdiction is then used to split miles provided by Revenue Requirements. Jurisdictional split miles are then used to calculate CMM.

Conversation Minute (CM)

Data required :

STARS 901 two way conversation minutes
STARS 902 originating messages
messages by jurisdiction Report CXTL028
circuit miles supplied by Revenue Requirements

Two way conversation minute divided by STARS 902 originating messages to derive holding time. Company messages are then multiplied by this holding time to calculate conversation minutes by jurisdiction. Percentage that is derived for each jurisdiction is then used to split miles provided by Revenue Requirements. Jurisdictional split miles are then used to calculate CM.

Calculations same as CMM.

Intertoll Factor

Data required :

jurisdictional minutes for tribes being switched

Jurisdictional minutes for each tribe being switched by the Class 4 are totaled to calculate the intertoll factor for the office.

BUSINESS OFFICE STUDY

The business office is analyzed in order to categorize the business office expense in a manner that corresponds to presubscribed Part 36 categories for purposes of inputting the expense in the Part 36 separations study.

- 1) The business office expense is allocated to the functions listed below based on the percentage of the business office personnel performing these functions:
 - customer contact
 - service order clearing
 - accounts treatment
 - training
 - customer toll investigation (CTI)
- 2) Training expense is then reallocated to the following functions listed below based on the percentage of business office personnel performing only these functions:
 - customer contact
 - clearing
 - accounts treatment
- 3) Customer contact expense is then reallocated to the following Part 36 categories based on a time study performed by the customer service system:
 - service order processing
 - billing inquiry
 - payment and collection
- 4) Service order clearing expense is assigned to the following Part 36 category:
 - service order processing
- 5) Accounts treatment is assigned to the following Part 36 category:
 - payment and collection
- 6) CTI is assigned to the following Part 36 category:
 - direct assignment category
- 7) The Part 36 study treats these categories in the following manner:
 - service order processing - allocated to local, state toll and interstate toll based on the service order processing portion of the business office contact study
 - billing inquiry - allocated to local, state toll

and interstate toll based on the billing inquiry portion of the business office contact study

- payment and collection - allocated to local, state toll and interstate toll based on end user billed revenues
- CTI (via direct assignment category) - assigned to state toll and interstate toll based on the toll portion of the billing inquiry portion of the business office contact study

REVENUE REQUIREMENT SUMMARY
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE TOLL		INTRASTATE TOLL InterLATA		INTRASTATE TOLL IntraLATA		EAS	Total Local	LOCAL User Defined	Other	TOTAL	
			TOLL	Total	MSG	PL	Total	MSG					FL	INTRASTATE & LOCAL
1	Net Telecom Plant	S-2, Ln49	65534379	21874418	21216572	657846	43659920	41183830	2476091	2176729	94097457	0	94097457	161808524
2	Rate Base Adjustment #1	Records	0	0	0	0	0	0	0	0	0	0	0	0
3	Rate Base Adjustment #2	Records	0	0	0	0	0	0	0	0	0	0	0	0
4	Rate Base Adjustment #3	Records	0	0	0	0	0	0	0	0	0	0	0	0
5	RATE BASE	Ln1-2..4	65534379	21874418	21216572	657846	43659920	41183830	2476091	2176729	94097457	0	94097457	161808524
6														
7	Rate of Return	Records			0.104500	0.104500		0.104500	0.104500	0.104500		0.104500	0.104500	
8	RETURN ON RATE BASE	Ln5*7	6848378	2285877	2217132	68745	4562462	4303710	258751	227468	9833184	0	9833184	16908991
9														
10	Return Adjustment #1	Records	0	0	0	0	0	0	0	0	0	0	0	0
11	Return Adjustment #2	Records	0	0	0	0	0	0	0	0	0	0	0	0
12	NET RETURN	Ln8 10..11	6848378	2285877	2217132	68745	4562462	4303710	258751	227468	9833184	0	9833184	16908991
13														
14	7300 Alw Fds Used Dur Constr	S-10, Ln11	0	0	0	0	0	0	0	0	0	0	0	0
15	7500 Interest & Related Items	S-10, Ln17	2796354	941461	913107	28353	1854893	1748184	106709	94133	4055933	0	4055933	6946420
16	ITC Amortization	S-10, Ln21	218573	73298	71079	2219	145275	136899	8376	7836	321249	0	321249	547659
17	Amortization of Excess Def Taxes	S-10, Ln23	131708	44168	42831	1377	87540	80493	5047	4722	193579	0	193579	330009
18	Capitalized Payroll Taxes	S-10, Ln28	0	0	0	0	0	0	0	0	0	0	0	0
19	Depreciation Adjustment	S-10, Ln33	0	0	0	0	0	0	0	0	0	0	0	0
20	FIT Allowances/Disallowances	S-14, Ln29	3713	1262	1224	38	2501	2357	144	135	5531	0	5531	9429
21	Income Adjustment #1	Records	0	0	0	0	0	0	0	0	0	0	0	0
22	Income Adjustment #2	Records	0	0	0	0	0	0	0	0	0	0	0	0
23	Income Adjustment #3	Records	0	0	0	0	0	0	0	0	0	0	0	0
24	AFTER TAX INCOME	Note 1	3705466	1228211	1191338	36873	2477255	2338492	138763	130913	5267953	0	5267953	9094332
25														
26	State Income Tax	Ln40	783748	259787	251988	7359	523881	494630	29251	25575	1114261	0	1114261	1923604
27	Net Federal Income Tax	Ln44	1558595	515248	499849	15439	1042347	985286	58061	49731	2198965	0	2198965	3807290
28	Operating Expenses & Taxes	S-3, Ln19	34281206	8842765	8602211	240354	25478521	24475970	562551	894210	38625677	0	38625677	73801172
29	Uncollectibles	S-10, Ln38	610000	0	0	0	610000	610000	0	0	0	0	0	610000
30	Other Adjustments	Records	0	0	0	0	0	0	0	0	0	0	0	0
31	NET REVENUE REQUIREMENT	Ln12+26..29 30	44881587	11781872	11571140	322537	32178310	30669597	1388713	1196984	51772087	0	51772087	97051058
32														
33	Gross Receipts Tax	Note 2	2720105	626509	605007	17502	1697355	1624716	68880	62999	2724847	0	2724847	5107950
34	Other Adjustments	Records	0	0	0	0	0	0	0	0	0	0	0	0
35	REVENUE REQUIREMENT	Ln31+33 34	46403692	12670466	12180147	75003	33871905	32494312	1377593	1259583	54496934	0	54496934	102159008
--- INCOME TAXES ---														
36	FIT Taxable Income	Ln24+43	5614742	1860926	1836357	55809	3753416	3543169	210247	183201	7981747	0	7981747	13779290
37	SIT Taxable Income	Note 3	6398111	2100713	2057045	63668	4237397	4037799	239598	208776	9096008	0	9096008	15702895
38														
39	State Income Tax Rate	Ln40/37			0.122500	0.122500		0.122500	0.122500	0.122500		0.000000	0.122500	
40	State Income Tax Requirement		783748	259787	251988	7359	523881	494630	29251	25575	1114261	0	1114261	1923604
41														
42	Federal Income Tax Rate	Ln43/36			0.340000	0.340000		0.340000	0.340000	0.340000		0.000000	0.340000	
43	Gross Fed Inc Tax Requirement		1908876	637315	613719	18959	1276161	1204677	71484	62288	2713794	0	2713794	4684958
44	Net Fed Inc Tax Requirement	Ln43 16-17	1558595	515248	499849	15439	1042347	985286	58061	49731	2198965	0	2198965	3807290

Note 1: Ln12-14..18+19..23
 Note 2: Based on these Statutory Rates:
 Note 3: If SIT is deductible for SIT, then Ln 36, otherwise, 26+10

Commonwealth Telephone Company
 Total Company
 1993 Pro-Forma
 April 29, 1993

SEPARATED TELECOMMUNICATIONS PLANT SUMMARY
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE TOLL		INTRASTATE TOLL InterLATA			INTRASTATE TOLL IntraLATA		EAS	Total Local	LOCAL User Defined	Other	TOTAL INTRASTATE & LOCAL
			TOLL	Total	MSG	FL	Total	MSG	FL					
1	2110 Land & Support Assets	S-4,Ln15	1338347	4427195	4316010	109186	8558852	8506992	448860	362556	18805684	0	18805684	32551287
2														
3	2210 COE-Switching	S-5,Ln39	25075180	7888721	7888721	0	17186469	17186469	0	0	65093675	0	65093675	90168865
4	2220 COE-Operator	S-5,Ln26	0	0	0	0	0	0	0	0	0	0	0	0
5	2230 COE-Transmission	S-5,Ln107	16217707	5032024	4623985	408819	11185683	9566169	1619514	2540097	10378215	0	10378215	29136020
6	2210 Info Orig/Term Equip	S-6,Ln15	924614	336094	336094	0	588530	588530	0	0	1237868	0	1237868	2162493
7	2410 DMF	S-7,Ln64	59696026	20980024	20327197	65427	3815403	36365369	2350034	1230776	73942497	0	73942497	134869299
8	Total COE, INT, DMF	Ln7..7	101913537	34227453	33175987	1061466	67676084	63706537	3969547	3770873	150652256	0	150652256	256336666
9	Distribution of Line 8	Ln8/Ba	0.313927	0.101824	0.101574	0.007291	0.207207	0.195049	0.012153	0.011545	0.461249	0.000000	0.461249	0.784821
10														
11	2690 Tangible Assets	S-8,Ln65	0	0	0	0	0	0	0	0	0	0	0	0
12	TELECOM FLT IN SVC-EXCL 2/93	Ln18/11	115296584	38664649	37493997	1170652	76631936	72213528	4418407	4133429	169457939	0	169457939	288887953
13	Distribution of Line 12	Ln12/10a	0.317591	0.105113	0.101979	0.002184	0.203429	0.196411	0.012017	0.011242	0.460903	0.000000	0.460903	0.785737
14	2690 Intangible Assets	S-8,Ln70	0	0	0	0	0	0	0	0	0	0	0	0
15	2091 TELECOM PLANT IN SVC	Ln12/14	115296584	38664649	37493997	1170652	76631936	72213528	4418407	4133429	169457939	0	169457939	288887953
16	Distribution of Line 15	Ln15/15a	0.317591	0.105113	0.101979	0.002184	0.203429	0.196411	0.012017	0.011242	0.460903	0.000000	0.460903	0.785737
17														
18	2110 Land Assets	S-4,Ln14	559200	180019	180446	4563	374257	355500	18757	15151	785873	0	785873	1360290
19	2091 TIFIS w/Land	Ln 15-10	114737218	38479540	37313551	1166089	76257678	71858029	4399650	4118278	168672066	0	168672066	287527662
20	Distribution of Line 17	Ln17/19a	0.313923	0.105150	0.101964	0.003186	0.208383	0.196360	0.012023	0.011254	0.460916	0.000000	0.460916	0.785703
21														
22	2002 Prop Hld Fut Telecom Use	S-9,Ln14	158983	57013	51408	1605	105070	99012	6058	5667	232343	0	232343	396093
23	2002 Plant Under Const-Short	S-9,Ln19	1919179	643596	624110	19446	1275583	1202036	73547	68803	2820727	0	2820727	4008709
24	2004 Plant Under Const-Long	S-9,Ln23	0	0	0	0	0	0	0	0	0	0	0	0
25	2005 Telecom Plant Adjustment	S-9,Ln28	0	0	0	0	0	0	0	0	0	0	0	0
26	TOTAL TELECOM PLANT	Ln15+22..25	117273846	39361257	38169514	1191747	78012589	73514537	4498012	4207900	172511009	0	172511009	294092755
27														
28	1500 Other Juris Assets-Net	S-15,Ln15	0	0	0	0	0	0	0	0	0	0	0	0
29	3100 Accumulated Depreciation	S-15,Ln25	42125529	14046325	13617993	428422	28079204	26455409	1623795	1641888	63078021	0	63078021	106845437
30	3200 Acc Dep-Hld for Fut Use	S-15,Ln28	0	0	0	0	0	0	0	0	0	0	0	0
31	3400 Accum Amort-Tangible	S-15,Ln30	0	0	0	0	0	0	0	0	0	0	0	0
32	3500 Accum Amort-Intangible	S-15,Ln32	0	0	0	0	0	0	0	0	0	0	0	0
33	3600 Accum Amort-Other	S-15,Ln34	0	0	0	0	0	0	0	0	0	0	0	0
34	4040 Customer Deposits	S-15,Ln38	96255	32261	31303	978	63974	60283	3691	3455	141501	0	141501	242121
35	4100 Net Cur Def Op Inc Taxes	S-15,Ln48	0	0	0	0	0	0	0	0	0	0	0	0
36	4340 Noncur Def Oper Inc Tax	S-15,Ln66	14678517	4922758	4772579	149180	9758759	9192905	562854	526658	21578471	0	21578471	36787845
37	4370 Other Jur Liab-Net	S-15,Ln69	0	0	0	0	0	0	0	0	0	0	0	0
38	NET TELECOM PLANT	Ln26-28..37	60473545	20358893	19746730	612164	40113652	37805980	2307672	2035790	87713016	0	87713016	150222261
39	Distribution of Line 38	Ln38/38a	0.315224	0.106128	0.102932	0.003196	0.209096	0.197067	0.012029	0.010611	0.457213	0.000000	0.457213	0.783048
40														
41	1402 Rural Tel Band Stock	S-9,Ln30	2367866	793794	769761	24014	1533272	1482561	90711	94860	3479011	0	3479011	5920937
42	1220 Materials and Supplies	S-9,Ln34	678698	236533	231105	7429	440164	412446	26718	13993	840669	0	840669	1533360
43	Cash Working Capital	S-9,Ln38	2015930	482197	468978	13200	1532833	1481943	50990	42177	2064760	0	2064760	4121966
44	Equal Access Investment	S-9,Ln43	0	0	0	0	0	0	0	0	0	0	0	0
45	Investment Allow/Disallow	S-9,Ln47	0	0	0	0	0	0	0	0	0	0	0	0
46	Accum Depr/Amort Allow/Disallow	S-15,Ln72	0	0	0	0	0	0	0	0	0	0	0	0
47	Other Telecom Pl Adjust	Records	0	0	0	0	0	0	0	0	0	0	0	0
48	NET TELECOM PLANT PLUS													
49	WK CAP, EA, & RTB STOCK	Ln38+41..47	65534339	21874418	21216572	657846	43659920	41183830	2476091	2176729	94097457	0	94097457	161809524
50	Distribution of Line 49	Ln49/49a	0.315475	0.105301	0.102134	0.003167	0.210174	0.198254	0.011920	0.010479	0.452975	0.000000	0.452975	0.778928

SEPARATED EXPENSE SUMMARY
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE		INTRASTATE TOLL			INTRASTATE TOLL		EAS	LOCAL		TOTAL INTRASTATE % LOCAL	
			TOLL	Total	MSG	PL	Total	MSG	PL		Total Local	User Defined		
1	Flt Spec Exp Accts 6210,6220													
2	6230,6310,6410	S-11,Ln37	4789856	1618879	1570701	48179	3170776	2991288	179688	165511	6981435	0	6981435	11936802
3	Flt Nonspec Account 6530	S-12,Ln23	2743169	921557	892986	28571	1821612	1714766	106847	101499	4055052	0	4055052	6899720
4	Cust Oper Accts 6610,6620	S-13,Ln67	2323141	720045	716383	3662	1603096	1559061	44035	0	2813270	0	2813270	5136411
5	TOTAL BIG THREE EXPENSES	Ln2..4	9856166	3260481	3180070	86412	6595685	6265115	330570	267010	13849757	0	13849757	23972934
6	Distribution of Line 5	Ln5/5a	0.326042	0.167857	0.105197	0.002669	0.218185	0.207250	0.010935	0.008873	0.458150	0.000000	0.458150	0.797025
7														
8	Plant Specific Expenses	S-11,Ln39	6532660	2195410	2133012	62397	4337250	4099109	238141	212725	9430401	0	9430401	16175785
9	Plant Nonspecific Expenses	S-12,Ln41	18515060	3638273	3521485	116787	14876788	14431371	445417	488442	16628560	0	16628560	35632063
10	Customer Operations Expenses	S-13,Ln67	2323141	720045	716383	3662	1603096	1559061	44035	0	2813270	0	2813270	5136411
11	Corporate Operations Expenses	S-14,Ln24	6244756	2065672	2014727	50945	4178684	3969252	209472	169164	8774488	0	8774488	15199308
12	7399 Contributions	S-10,Ln12	0	0	0	0	0	0	0	0	0	0	0	0
13	TOTAL OPERATING EXPENSES	Ln8..12	37615218	8619799	8385609	232791	24995918	24058772	927025	870331	37646719	0	37646719	72172267
14														
15	Operating Taxes	S-14,Ln35	666968	223366	216603	6763	442702	417177	25525	23879	978958	0	978958	1668905
16	Equal Access Expenses	S-14,Ln39	0	0	0	0	0	0	0	0	0	0	0	0
17	Excess Allowances/Disallowances	S-14,Ln42	0	0	0	0	0	0	0	0	0	0	0	0
18														
19	TOTAL OPERATING EXP & TAXES	Ln13+15..17	34281286	8842765	8602211	240554	25436521	24475970	962551	894210	38625677	0	38625677	77801172
20	Distribution of Line 19	Ln19/19a	0.376495	0.097116	0.094474	0.002642	0.279279	0.268808	0.010571	0.009821	0.424207	0.000000	0.424207	0.810523
21														
22	Total Depr & Amort	S-12,Ln39	8260148	2716716	2628499	88216	5547392	5204822	338570	386943	12573509	0	12573509	21220560
23														
24	7500 Interest & Related Items	S-10,Ln17	2796254	941461	913107	28353	1854893	1748184	106709	94133	4055933	0	4055933	6946420
25	TOTAL CASH OPER EXPENSES	Ln13-22+24	28151464	6844144	6670216	173298	21307319	20602155	705164	577521	29129143	0	29129143	57858128
26	Distribution of Line 25	Ln25/25a	0.395651	0.096190	0.093746	0.002444	0.299461	0.289550	0.009911	0.008117	0.409392	0.000000	0.409392	0.813159

GENERAL SUPPORT FACILITIES
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE		INTRASTATE TOLL InterLATA			INTRASTATE TOLL IntraLATA		EAS	LOCAL		TOTAL INTRASTATE & LOCAL	
			TOLL	Total	MSG	FL	Total	MSG	FL		Total Local	User Defined		Other
-----SEPARATIONS FACTORS-----														
1	Carrier Classification	Records												
2	Big Three Expenses Distr	S-3,Ln6	0.326042	0.107857	0.105197	0.002660	0.218185	0.207250	0.010935	0.008833	0.458150	0.000000	0.458150	0.793025
3	Total COE, IDT, CMF Distr	S-2,Ln9	0.312027	0.104824	0.101574	0.003250	0.207203	0.195049	0.012153	0.011545	0.461249	0.000000	0.461249	0.784821
4	Support Assts-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5	Land Assts-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
-----LAND & SUPPORT ASSETS SEPARATION-----														
6	2110 Land & Support Assets													
7	Support Assets	Note 1	12823781	4242187	4137564	104623	8581594	8151492	430103	347405	18019810	0	18019810	31190996
8	Direct Assignment	Ln8a*4	0	0	0	0	0	0	0	0	0	0	0	0
9	Total Sup Assets	Ln7..8	12823781	4242187	4137564	104623	8581594	8151492	430103	347405	18019810	0	18019810	31190996
10	Distribution of Line 9	Ln9/9a	0.326042	0.107857	0.105197	0.002660	0.218185	0.207250	0.010935	0.008833	0.458150	0.000000	0.458150	0.793025
11														
12	Land	Note 1	55266	185009	180446	4563	374257	355500	18757	15151	785873	0	785873	1360290
13	Direct Assignment	Ln13a*5	0	0	0	0	0	0	0	0	0	0	0	0
14	Total Land	Ln12..13	55266	185009	180446	4563	374257	355500	18757	15151	785873	0	785873	1360290
15	TOTAL LAND & SUPPORT ASSETS	Ln9+14	13383047	4427195	4318010	109186	8955852	8506992	448860	362556	18805684	0	18805684	32551287
16	Distribution of Line 15	Ln15/15a	0.326042	0.107857	0.105197	0.002660	0.218185	0.207250	0.010935	0.008833	0.458150	0.000000	0.458150	0.793025

Note 1: If Carrier Classification = A, Ln7a*2, L
 If Carrier Classification = B, Ln7a*3, L

Commonwealth Telephone Company
 Total Company
 1993 Pro-Forma
 April 29, 1993

CENTRAL OFFICE EQUIPMENT
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE TOLL		INTRASTATE TOLL InterLATA			INTRASTATE TOLL IntraLATA		ERS	LOCAL		TOTAL INTRASTATE & LOCAL
			TOLL	Total	MSG	PL	Total	MSG	PL		Total Local	User Defined	
--- DEPARTMENTS FACTORS ---													
1	WMS Pct-Switchboards	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	WMS Pct-Directory Assistance	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
3	Sub Line MOU Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
4	SOB Toll MXI Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5	WMS Pct-TSFS Oper Position	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
6	Real Processor Time Pct RTA	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
7	Real Processor Time Pct-TSFS	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
8	CDE Cat 1-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
9	CDE Cat 2-MOU Pct	Records	0.680830	0.199655	0.199655	0.000000	0.481175	0.481175	0.000000	0.000000	0.000000	0.000000	0.680830
10	CDE Cat 2-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	Trans Measured DEM Pct	Records	0.224107	0.070977	0.070977	0.000000	0.153130	0.153130	0.000000	0.000000	0.000000	0.639200	0.863307
12	CDE Cat 3-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
--- CDE CATEGORIES 1-3 SEPARATION ---													
13	2200 Operator Systems												
14	Cat 1 Operator Systems												
15	Loc, Toll, DCA, DSB, and												
16	Traffic Switchboards	Ln16a*1	0	0	0	0	0	0	0	0	0	0	0
17	Aux-Direct Assgmt	Ln17a*1	0	0	0	0	0	0	0	0	0	0	0
18	Aux-Intercept	Ln18a*3	0	0	0	0	0	0	0	0	0	0	0
19	Jt Exch & Toll SOB	Ln19a*4	0	0	0	0	0	0	0	0	0	0	0
20	TSFS Oper Position	Ln20a*5	0	0	0	0	0	0	0	0	0	0	0
21	TSFS-RTA	Ln21a*6	0	0	0	0	0	0	0	0	0	0	0
22	TSFS-Other	Ln22a*7	0	0	0	0	0	0	0	0	0	0	0
23	Direct Assignment	Ln23a*8	0	0	0	0	0	0	0	0	0	0	0
24	Total Cat 1	Ln16..23	0	0	0	0	0	0	0	0	0	0	0
25	Distribution of Line 24	Ln24/24a	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
26	TOTAL CDE OPERATOR	Ln24	0	0	0	0	0	0	0	0	0	0	0
27	Distribution of Line 26	Ln26/26a	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
28													
29	2210 Central Office Switching												
30	Cat 2-Tandem Switching	Ln30a*9	2252993	660696	660696	0	1592298	1592298	0	0	0	0	2252993
31	Direct Assignment	Ln31a*10	0	0	0	0	0	0	0	0	0	0	0
32	Total Cat 2	Ln30..31	2252993	660696	660696	0	1592298	1592298	0	0	0	0	2252993
33	Distribution of Line 32	Ln32/32a	0.680830	0.199655	0.199655	0.000000	0.481175	0.481175	0.000000	0.000000	0.000000	0.000000	0.680830
34													
35	Cat 3-Local Switching	Ln35a*11	22822197	7228025	7228025	0	15594171	15594171	0	0	65093675	0	87915872
36	Direct Assignment	Ln36a*12	0	0	0	0	0	0	0	0	0	0	0
37	Total Cat 3	Ln35..36	22822197	7228025	7228025	0	15594171	15594171	0	0	65093675	0	87915872
38	Distribution of Line 37	Ln37/37a	0.224107	0.070977	0.070977	0.000000	0.153130	0.153130	0.000000	0.000000	0.639200	0.000000	0.863307
39	TOTAL CDE SWITCHING	Ln32+37	25075190	7888721	7888721	0	17186469	17186469	0	0	65093675	0	90168865
40	Distribution of Line 39	Ln39/39a	0.238491	0.075027	0.075027	0.000000	0.143454	0.143454	0.000000	0.000000	0.419082	0.000000	0.657544

• Preliminary Report
 Total Company
 1973 Fla. Form
 April 29, 1977

CENTRAL OFFICE EQUIPMENT
 10 Month Study Period Ended December 31, 1977

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE		INTRASTATE TOLL InterLATA		INTRASTATE TOLL IntraLATA		EAS	Total Local	LOCAL		TOTAL INTRASTATE & LOCAL
			TOLL	Total	MSG	FL	MSG	FL			User Defined	Other	
--- SEPARATION FACTORS ---													
41	MSU Pct WE Line	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
42	COE Cat 4.11-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
43	COE MSU Pct Ex Trk LMS	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
44	COE Cat 4.12 Ex Trk LMS Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
45	MSU Pct Ex Trk MS	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
46	COE Cat 4.12 Ex Trk WB DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
47	Gross Allocator (Trans 000)	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
48	COE Cat 4.12 DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
49	COE Cat 4.21 Exch to Others Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
50	MSU Pct (COE Cat 4.22)	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
51	MSU Pct 4.22 FL Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
52	COE Cat 4.22 DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

53 COE Cat 4.12 Exch to Others Pct
 54 COE Cat 4.12 Assigned Invest Note 1

--- COE CATEGORY 4 SEPARATION ---

55 (000) Central Office - Transmission

LINE	DESCRIPTION	SOURCE	TOLL	Total	MSG	FL	MSG	FL	EAS	Total Local	User Defined	Other	TOTAL INTRASTATE & LOCAL
56	Cat 4.1 Exchange Circuit												
57	4.11 Wideband Line	Ln57a*41	0	0	0	0	0	0	0	0	0	0	0
58	Direct Assignment	Ln58a*42	0	0	0	0	0	0	0	0	0	0	0
59	4.12 Exch Trunk to WB	Ln59a*43	0	0	0	0	0	0	0	0	0	0	0
60	Ex Trk w/WB-DF	Ln60a*44	0	0	0	0	0	0	2540697	0	0	0	2540697
61	Ex Trk WB	Ln61a*45	0	0	0	0	0	0	0	0	0	0	0
62	Ex Trk WB-DF	Ln62a*46	0	0	0	0	0	0	0	0	0	0	0
63	4.13 Ex Line w/WB												
64	Joint MSG	Ln64a*47	4006972	1026668	1026668	0	1677194	2677404	0	0	5623075	0	5623075
65	FL & Local	Ln65a*48	194166	41716	0	41716	152750	0	152750	0	112717	0	112717
66	Direct Assignment	Ln66a*49	0	0	0	0	0	0	0	525129	0	525129	525129
67													
68	Cat 4.2-Interexchange												
69	4.21 Furn to Others	Ln69a*50	0	0	0	0	0	0	0	0	0	0	0
70	4.22 Wideband												
71	Joint MSG	Ln71a*51	0	0	0	0	0	0	0	0	0	0	0
72	FL	Ln72a*52	0	0	0	0	0	0	0	0	0	0	0
73	Direct Assignment	Ln73a*53	0	0	0	0	0	0	0	0	0	0	0

Note 1: Cost per Loop = 70.1105

Commonwealth Telephone Company
 Total Company
 1992 Tro Form
 April 29, 1992

CENTRAL OFFICE EQUIPMENT
 12 Month Stud. Period Ended December 31, 1991

LINE	DESCRIPTION	SOURCE	TOTAL		INTRASTATE TOLL		INTRASTATE TOLL		EAS	Total	LOCAL	Other	TOTAL
			INTRASTATE	Total	MSB	FL	Total	MSB					FL
--- DEPARTMENTS FACTORS ---													
74	Conversation Minutes Fed	Records	0.454974	0.101677	0.101677	0.000000	0.475007	0.475007	0.000000	0.000000	0.000000	0.000000	0.454974
75	COE TNY Connection Min Fed IT	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
76	COE TNY Connection Min Fed-Remote	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
77	COE Cat 4.23 All Other D/F/A	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
78	COE Cat 4.23 Special Telegraph	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
79	COE Cat 4.23 Special Other	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
80	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
81	Host/Remote MTS Miles Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
82	COE Cat 4.2 MTS Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
83	COE Cat 4.2 D/F Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
84	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
85	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
86	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
87	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
88	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
89	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
90	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
91	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
92	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
93	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
94	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
95	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
96	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
97	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
98	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
99	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
100	COE Cat 4.23 Special TA Fed	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
101	Cat 4.3 Host/Remote MTS												
102	Joint (W/STATE)	Ln102a*61	1558498	472177	472177	0	1104321	1104321	0	4117715	0	0	1117315
103	MATS	Ln103a*62	0	0	0	0	0	0	0	0	0	0	0
104	Direct Assignment	Ln104a*63	0	0	0	0	0	0	0	0	0	0	0
105	Total Cat 4	Ln57-104	1621797	502224	462398	400079	11185483	9566169	1619514	2540697	10378215	0	10378215
106	Distribution of Line 105	Ln105a*105a	0.419022	0.130242	0.119699	0.010563	0.289560	0.247636	0.041924	0.065755	0.268657	0.000000	0.268657
107	TOTAL COE-TRANSMISSION	Ln105	1621797	502224	462398	400079	11185483	9566169	1619514	2540697	10378215	0	10378215
108	Distribution of Line 107	Ln107a*107a	0.119322	0.170212	0.119699	0.010563	0.289560	0.247636	0.041924	0.065755	0.268657	0.000000	0.268657
109	TOTAL CENTRAL OFFICE EQUIP	Ln26a*109a	4129287	1292045	1251296	400079	28172152	26752678	1617514	2540697	75471690	0	75471690
110	Distribution of Line 110	Ln110a*110a	0.267294	0.090243	0.087070	0.022975	0.177737	0.189272	0.011264	0.017667	0.524029	0.000000	0.524029

8 is 1 cent per transmission 574,199

INFORMATION ORIGIN/TERM EQUIPMENT
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE TOLL		INTRASTATE TOLL InterLATA		INTRASTATE TOLL IntraLATA		EAS	Total Local	LOCAL		TOTAL INTRASTATE & LOCAL	
			Total	MSG	FL	Total	MSG	FL			User Defined	Other		
---SEPARATIONS FACTORS---														
1	Gross Allocator (Trans SPF)	Records	0.320678	0.116562	0.116562	0.000000	0.204116	0.204116	0.000000	0.000000	0.429322	0.000000	0.429322	0.750000
2	MOU Pct (Coins Eq)	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
3	IDT Cat 1-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
4	IDT Cat 2-State Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
--- IDT EQUIPMENT SEPARATION ---														
5	2310 Info Orig/Term Equip													
6	Cat 1 Other IDT	Ln6a1	924614	336084	336084	0	588570	588570	0	0	1237868	0	1237868	2162483
7	Coins Pub Tel Eq	Ln7a*2	0	0	0	0	0	0	0	0	0	0	0	0
8	Direct Assignment	Ln8a*3	0	0	0	0	0	0	0	0	0	0	0	0
9	Total Category 1	Ln6..8	924614	336084	336084	0	588570	588570	0	0	1237868	0	1237868	2162483
10	Distribution of Line 9	Ln9*9a	0.320678	0.116562	0.116562	0.000000	0.204116	0.204116	0.000000	0.000000	0.429322	0.000000	0.429322	0.750000
11														
12	Cat 2-Dist Prem Equip	Ln12a*4	0	0	0	0	0	0	0	0	0	0	0	0
13	Distribution of Line 12	Ln12/12a	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14														
15	TOTAL INFO ORIG/TERM EQUIP	Ln9+12	924614	336084	336084	0	588570	588570	0	0	1237868	0	1237868	2162483
16	Distribution of Line 15	Ln15/15a	0.320678	0.116562	0.116562	0.000000	0.204116	0.204116	0.000000	0.000000	0.429322	0.000000	0.429322	0.750000

CABLE AND WIRE FACILITIES
 12 Month Study Period Ended December 31, 1992

LINE	DESCRIPTION	SOURCE	TOTAL		INTRASTATE TOLL			INTRASTATE TOLL		EAS	LOCAL		TOTAL	
			INTRASTATE TOLL	Total	InterLATA	FL	Total	IntraLATA	FL		Total Local	User Defined		Other
---SEPARATIONS FACTORS---														
1	Gross Allocator Pct (Trans SFT)	Records	0.320678	0.116562	0.116562	0.000000	0.204116	0.204116	0.000000	0.000000	0.429322	0.000000	0.429322	0.750000
2	DAWF Cat 1-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
3	DAWF MDU Pct-Ex Trk w/WB	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
4	DAWF Cat 2 Ex Trunk-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
5	MDU Pct-WB Line	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
6	MDU Pct-Ex Trk-WB	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
7	DAWF Cat 2 WB Ln & Trk-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
---ASSIGNMENT OF DAWF CAT 1---														
8	DAWF Cat 1 Working Loops	Records												
9	Distribution of Line 8	Ln8/Da												
10	Cat 1-Ex Line #/WB	Ln10a#9												
--- DAWF CAT 1-2 SEPARATION ---														
11	2410 Cable & Wire Facilities													
12	Cat 1 Ench Line #/WB													
13	1.1 Intra PL & WATS	Ln10c..i	2377377	511467	0	511467	1867930	0	1867930	0	1377093	0	1377093	3756490
14	1.2 Inter PL & WATS	Ln10c..d	0	0	0	0	0	0	0	0	0	0	0	0
15	1.3 Jointly Used	Ln10b#1	51496149	18718135	18718135	0	32778014	32778014	0	0	68942770	0	68942770	129438719
16	Direct Assignment	Ln16a#2	0	0	0	0	0	0	0	0	0	0	0	0
17	Total Category 1	Ln13..16	57875546	19229662	18718135	511467	2445744	32778014	1867930	0	79219863	0	79219863	121175407
18	Distribution of Line 17	Ln17/17a	0.325924	0.116331	0.116333	0.002664	0.208593	0.186293	0.011300	0.000000	0.425405	0.000000	0.425405	0.751309
19														
20	Cat 2 WB & Ench Trunk													
21	Ex Trk #/WB	Ln21a#3	0	0	0	0	0	0	0	0	0	0	0	
22	Ex Trk #/WB-DA	Ln22a#4	0	0	0	0	0	0	0	0	0	0	0	
23	WB Line	Ln23a#5	0	0	0	0	0	0	0	0	0	0	0	
24	WB Trunk	Ln24a#6	0	0	0	0	0	0	0	0	0	0	0	
25	WB Line & Trunk-DA	Ln25a#7	0	0	0	0	0	0	0	0	0	0	0	
26	Total Category 2	Ln21..25	0	0	0	0	0	0	0	0	0	0	0	
27	Distribution of Line 26	Ln26/26a	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	

CABLE AND WIRE FACILITIES
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE		INTRASTATE TOLL InterLATA			INTRASTATE TOLL IntraLATA			ERS	LOCAL		TOTAL INTRASTATE & LOCAL
			TOLL	Total	MSG	PL	Total	MSG	PL	Total Local		User Defined	Other	
---SEPARATIONS FACTORS---														
28	CMF Pct (CMF Cat 3 WB)	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
29	CMF Cat 3 WB-PL Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
30	CMF Cat 3 WB-BA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
31	CMF Pct-IX w/WB	Records	0.661099	0.172694	0.172694	0.000000	0.489405	0.489405	0.000000	0.000000	0.000000	0.000000	0.000000	0.661099
32	CMF TWX Connect Min Miles Pct-IT	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
33	CMF TWX Connect Min Miles Pct-Rat	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
34	CMF Cat 3 CA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.999762	0.000000	0.000000	0.000000	0.000000	0.999762
35	Host/Remote MSJ Miles Pct	Records	0.237932	0.072081	0.072081	0.000000	0.165851	0.165851	0.000000	0.000000	0.628600	0.000000	0.628600	0.866532
36	CMF Cat 4 WATS Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
37	CMF Cat 4 CA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
---ASSIGNMENT OF CMF CAT 3---														
38	Eq. 1. IX Pct Miles MSG	Records												
39	PL TWX Local	Records												
40	Distribution of Line 38	Ln38/38a												
41	Distribution of Line 39	Ln39/39a												
42	Cat 3 All Other w/WB MSG	Ln42a/40												
43	PL TWX Local	Ln42a/41												
---CMF CAT 3-4 SEPARATION---														
44	Cat 3 Interchange CMF													
45	WB Joint MSG	Ln45a/28	0	0	0	0	0	0	0	0	0	0	0	0
46	WB PL	Ln46a/29	0	0	0	0	0	0	0	0	0	0	0	0
47	WB Direct Assignment	Ln47a/30	0	0	0	0	0	0	0	0	0	0	0	0
48	Joint MSG w/WB	Ln42b/31	3562037	930405	930405	0	2631553	2631553	0	0	0	0	0	3562037
49	Dir Assigned MSG w/WB	Ln42c/32	263173	263173	263173	0	0	0	0	0	0	0	0	263173
50	PL TWX & Local w/WB	Ln43c/33	624063	141960	0	141960	482104	0	482104	0	0	0	0	624063
51	Joint TWX-IT	Ln43j/32	0	0	0	0	0	0	0	0	0	0	0	0
52	Joint TWX-Rat	Ln43k/33	0	0	0	0	0	0	0	0	0	0	0	0
53	Direct Assignment	Ln53a/34	0	0	0	0	0	0	0	1230776	0	0	0	1230776
54	Total Category 3	Ln45...53	4449274	1335617	1193658	141960	3113656	2631553	482104	1230776	0	0	0	5680050
55	Distribution of Line 54	Ln54/54a	0.500178	0.150147	0.134188	0.015953	0.350030	0.295833	0.054197	0.139361	0.000000	0.000000	0.000000	0.639539
56														
57	Cat 4 Host/Remote CMF													
58	Joint (w/WATS)	Ln58a/35	1371207	415404	415404	0	955802	955802	0	0	3622634	0	3622634	4993840
59	WATS	Ln59a/36	0	0	0	0	0	0	0	0	0	0	0	0
60	Direct Assignment	Ln60a/37	0	0	0	0	0	0	0	0	0	0	0	0
61	Total Category 4	Ln58...60	1371207	415404	415404	0	955802	955802	0	0	3622634	0	3622634	4993840
62	Distribution of Line 61	Ln61/61a	0.237932	0.072081	0.072081	0.000000	0.165851	0.165851	0.000000	0.000000	0.628600	0.000000	0.628600	0.866532
63														
64	TOTAL CABLE & WIRE FACILITIES	Ln17+26+54+61	59696026	20960624	20327197	653427	38715403	36365369	2350034	1230776	73942497	0	73942497	134863299
65	Distribution of Line 64	Ln64/64a	0.331719	0.116585	0.112954	0.003631	0.215134	0.202075	0.013059	0.006879	0.410884	0.000000	0.410884	0.749443

AMORTIZABLE ASSETS
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL		INTRASTATE TOLL		INTRASTATE TOLL		EAS	Total	LOCAL	Other	TOTAL	
			INTRASTATE	Total	InterLATA	FL	IntraLATA	FL						Local
---SEPARATIONS FACTORS---														
1	Land & Support Assets Distr	5-4,Ln16	0.326042	0.107857	0.105197	0.002660	0.210185	0.207250	0.010925	0.008833	0.458150	0.000000	0.458150	0.753025
2	Cap Lease-Lnd & Sup Assts-DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
3	COE Cat 1-Operator Distr	5-5,Ln25	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
4	COE Cat 2-Tandem Switch Distr	5-5,Ln32	0.689830	0.199655	0.199655	0.000000	0.481175	0.481175	0.000000	0.000000	0.000000	0.000000	0.000000	0.689830
5	COE Cat 3-Local Switch Distr	5-5,Ln38	0.224107	0.070977	0.070977	0.000000	0.153130	0.153130	0.000000	0.000000	0.679200	0.000000	0.679200	0.863307
6	COE Cat 4-Transmission Distr	5-5,Ln49	0.117822	0.120262	0.119569	0.010541	0.267560	0.247626	0.041924	0.045755	0.268657	0.000000	0.268657	0.751234
7	Cap Lease-COE-DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
8	IDT Cat 1-Other IDT Distr	5-6,Ln10	0.320173	0.116562	0.116562	0.000000	0.204116	0.204116	0.000000	0.000000	0.429722	0.000000	0.429722	0.750000
9	IDT Cat 2-Cust Prem Eq Distr	5-6,Ln10	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	Cap Lease-IDT-DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	C&WF Cat 1-Exch Ln x/WB Distr	5-7,Ln18	0.355824	0.114771	0.113277	0.002094	0.309593	0.198293	0.011200	0.000000	0.425405	0.000000	0.425405	0.751129
12	C&WF Cat 2-WB & Exch Tr Distr	5-7,Ln27	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
13	C&WF Cat 3-Interexchange Distr	5-7,Ln55	0.500178	0.151147	0.124108	0.018951	0.350030	0.295827	0.054197	0.138361	0.000000	0.000000	0.000000	0.478539
14	C&WF Cat 4-Host/Rewote Distr	5-7,Ln62	0.237932	0.072081	0.072081	0.000000	0.165851	0.165851	0.000000	0.000000	0.628600	0.000000	0.628600	0.865532
15	Cap Lease-C&WF-DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16	Cap Lease-Not Class By Account Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
---TANGIBLE ASSETS-CAPITAL LEASES-REPARATION---														
17	Tangible Assets - Capital Leases													
18	Land & Support Assets	Ln18a1	0	0	0	0	0	0	0	0	0	0	0	0
19	Direct Assignment	Ln19a2	0	0	0	0	0	0	0	0	0	0	0	0
20	Total Land & Sup Assets	Ln18..19	0	0	0	0	0	0	0	0	0	0	0	0
21														
22	Central Office Equipment													
23	Cat 1-Operator	Ln23a3	0	0	0	0	0	0	0	0	0	0	0	0
24	Cat 2-Tandem Switching	Ln24a4	0	0	0	0	0	0	0	0	0	0	0	0
25	Cat 3-Local Switching	Ln25a5	0	0	0	0	0	0	0	0	0	0	0	0
26	Cat 4-Transmission	Ln26a6	0	0	0	0	0	0	0	0	0	0	0	0
27	Direct Assignment	Ln27a7	0	0	0	0	0	0	0	0	0	0	0	0
28	Total COE	Ln23..27	0	0	0	0	0	0	0	0	0	0	0	0
29														
30	Info Orig/Term Equip													
31	Cat 1-Other IDT	Ln31a8	0	0	0	0	0	0	0	0	0	0	0	0
32	Cat 2-Cust Prem Equip	Ln32a9	0	0	0	0	0	0	0	0	0	0	0	0
33	Direct Assignment	Ln33a10	0	0	0	0	0	0	0	0	0	0	0	0
34	Total IDT	Ln31..33	0	0	0	0	0	0	0	0	0	0	0	0
35														
36	Cable & Wire Facilities													
37	Cat 1-Ex Ln x/WB	Ln37a11	0	0	0	0	0	0	0	0	0	0	0	0
38	Cat 2-WB & Ex Trk	Ln38a12	0	0	0	0	0	0	0	0	0	0	0	0
39	Cat 3-Interexchange	Ln39a13	0	0	0	0	0	0	0	0	0	0	0	0
40	Cat 4-Host/Rewote	Ln40a14	0	0	0	0	0	0	0	0	0	0	0	0
41	Direct Assignment	Ln41a15	0	0	0	0	0	0	0	0	0	0	0	0
42	Total C&WF	Ln37..41	0	0	0	0	0	0	0	0	0	0	0	0
43														
44	Not Classified by Account	Ln44a16	0	0	0	0	0	0	0	0	0	0	0	0
45	TOTAL CAPITAL LEASES	Note 1	0	0	0	0	0	0	0	0	0	0	0	0
46	Distribution of Line 45	Ln45/45a	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

Note 1: Ln20+28+34+42+44

AMORTIZABLE ASSETS
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL		INTRASTATE TOLL			INTRASTATE TOLL			EAS	Total	LOCAL		TOTAL
			INTRASTATE	Total	InterLATA	MSG	PL	Total	IntraLATA	MSG			FL	Local	
---SEPARATION FACTORS---															
47	2110 Land & Supt Assets Distr	S-4,Ln16	0.326042	0.107057	0.105197	0.002660	0.218185	0.207250	0.010935	0.008833	0.458150	0.000000	0.458150	0.793025	
48	2210 COE-Switching Distr	S-5,Ln40	0.238481	0.075027	0.075027	0.000000	0.167454	0.167454	0.000000	0.000000	0.619083	0.000000	0.619083	0.857564	
49	2220 COE-Operator Distr	S-5,Ln27	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
50	2230 COE-Transmission Distr	S-5,Ln109	0.419822	0.139252	0.119699	0.010563	0.289560	0.247676	0.041824	0.065755	0.268657	0.000000	0.268657	0.754234	
51	2310 IOT Distr	S-5,Ln16	0.320670	0.116562	0.116562	0.000000	0.204116	0.204116	0.000000	0.000000	0.429322	0.000000	0.429322	0.750000	
52	2410 CMF Distr	S-7,Ln65	0.331719	0.116595	0.112854	0.003761	0.215174	0.202075	0.013059	0.006839	0.410884	0.000000	0.410884	0.749443	
53	Leasehold Improve-DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
54	2001 TPIB #2690 Distr	S-2,Ln17	0.313591	0.105163	0.101979	0.003184	0.208429	0.196411	0.012017	0.011242	0.460903	0.000000	0.460903	0.785737	
55	Intangible Assets-DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
---TANGIBLE ASSETS-LEASEHLD IMPROVE SEPARATION---															
56	2080 Tangible Assets - Leasehld Improve														
57	2110 Land & Supt Assets	Ln57a47	0	0	0	0	0	0	0	0	0	0	0		
58	2210 COE-Switching	Ln58a48	0	0	0	0	0	0	0	0	0	0	0		
59	2220 COE-Operator	Ln59a49	0	0	0	0	0	0	0	0	0	0	0		
60	2230 COE-Transmission	Ln60a50	0	0	0	0	0	0	0	0	0	0	0		
61	2310 IOT	Ln61a51	0	0	0	0	0	0	0	0	0	0	0		
62	2410 CMF	Ln62a52	0	0	0	0	0	0	0	0	0	0	0		
63	Direct Assignment	Ln63a53	0	0	0	0	0	0	0	0	0	0	0		
64	TOTAL LEASEHOLD IMPROVEMENTS	Ln57..63	0	0	0	0	0	0	0	0	0	0	0		
65															
66	TOTAL TANGIBLE ASSETS	Ln45+64	0	0	0	0	0	0	0	0	0	0	0		
67	Distribution of Line 66	Ln66/66a	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
---INTANGIBLE ASSETS SEPARATION---															
68	2670 Intangible Assets	Ln68a54	0	0	0	0	0	0	0	0	0	0	0		
69	Direct Assignment	Ln69a55	0	0	0	0	0	0	0	0	0	0	0		
70	TOTAL INTANGIBLE ASSETS	Ln68..69	0	0	0	0	0	0	0	0	0	0	0		
71	Distribution of Line 70	Ln70/70a	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE		INTRASTATE TOLL InterLATA			INTRASTATE TOLL IntraLATA			EAS	Total Local	LOCAL User Defined	Other	TOTAL
			TOLL	Total	MSS	FL	Total	MSS	FL	IntrASTATE & LOCAL					
--- SEPARATIONS FACTORS ---															
1	2001 TRIS Distr	S-2,Ln10	0.317591	0.105163	0.101979	0.002184	0.208429	0.196411	0.012017	0.011242	0.460903	0.000000	0.460903	0.785737	
2	2002 From Hld Fut Use DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
3	2003 PUC Short-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
4	2004 PUC Long-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
5	2005 Telecon Plt Adjust DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
6	2410 CSMF Distr	S-7,Ln17	0.331719	0.116595	0.112954	0.003671	0.215174	0.202075	0.013059	0.006839	0.410884	0.000000	0.410884	0.747443	
7	2000 Water & Supplies-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
8	Total Cash Exp Distr	S-3,Ln20	0.395651	0.096190	0.093746	0.002444	0.299461	0.289550	0.009911	0.008117	0.409392	0.000000	0.409392	0.813159	
9	Cash Working Capital DA Pct	Records	0.320100	0.071600	0.074500	0.002100	0.243500	0.235400	0.008100	0.006700	0.328000	0.000000	0.328000	0.654800	
10	Equal Access MDU Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
11	Invest Allow/Disallow DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
--- OTHER ACCOUNTS SEPARATION ---															
12	2000 From Hld Fut Telecon Use	Ln12a*1	158092	52012	51408	1605	105070	99012	6058	5667	222343	0	222343	396092	
13	Direct Assignment	Ln13a*2	0	0	0	0	0	0	0	0	0	0	0	0	
14	TOTAL FROM HLD FUT TELECON USE	Ln12..12	158092	52012	51408	1605	105070	99012	6058	5667	222343	0	222343	396092	
15	Distribution of Line 14	Ln14/15	0.317591	0.105163	0.101979	0.002184	0.208429	0.196411	0.012017	0.011242	0.460903	0.000000	0.460903	0.785737	
16															
17	2007 Plt Under Constr-Short	Ln17a*1	1919179	647596	624110	19495	1275582	1202036	73547	68903	2820727	0	2820727	4066709	
18	Direct Assignment	Ln18a*3	0	0	0	0	0	0	0	0	0	0	0	0	
19	TOTAL PLT UNDER CONSTR-SHORT	Ln17..18	1919179	647596	624110	19495	1275582	1202036	73547	68903	2820727	0	2820727	4066709	
20															
21	2004 Plt Under Constr-Long	Ln21a*1	0	0	0	0	0	0	0	0	0	0	0	0	
22	Direct Assignment	Ln22a*4	0	0	0	0	0	0	0	0	0	0	0	0	
23	TOTAL PLT UNDER CONSTR-LONG	Ln21..22	0	0	0	0	0	0	0	0	0	0	0	0	
24	Distribution of Line 23	Ln23/23a	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
25															
26	2005 Telecon Plant Adjust	Ln26a*1	0	0	0	0	0	0	0	0	0	0	0	0	
27	Direct Assignment	Ln27a*5	0	0	0	0	0	0	0	0	0	0	0	0	
28	TOTAL TELECOM PLANT ADJUST	Ln26..27	0	0	0	0	0	0	0	0	0	0	0	0	
29	Distribution of Line 28	Ln28/29a	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
--- MISC ACCOUNTS SEPARATION ---															
30	1402 Class B RTB Stock	Ln30a*1	2367066	792794	769761	24034	1573272	1482561	90711	84860	3479011	0	3479011	5920927	
31															
32	1000 Material & Supl x/LFE	Ln32a*6	678698	238523	231105	7409	440164	412446	26718	17993	840669	0	840669	1533360	
33	Direct Assignment	Ln33a*7	0	0	0	0	0	0	0	0	0	0	0	0	
34	TOTAL MATERIALS AND SUPPLIES	Ln32..33	678698	238523	231105	7409	440164	412446	26718	17993	840669	0	840669	1533360	
35															
36	Cash Working Capital	Ln36a*8	0	0	0	0	0	0	0	0	0	0	0	0	
37	Direct Assignment	Ln37a*9	2015030	482197	468978	13220	1532833	1481843	50990	42177	2064760	0	2064760	4121966	
38	TOTAL CASH WORKING CAPITAL	Ln36..37	2015030	482197	468978	13220	1532833	1481843	50990	42177	2064760	0	2064760	4121966	
--- EQUAL ACCESS INVESTMENT SEPARATION ---															
39	Equal Access Gross Investment	Ln39a*10	0	0	0	0	0	0	0	0	0	0	0	0	
40	Accum Depreciation	Ln40a*10	0	0	0	0	0	0	0	0	0	0	0	0	
41	Deferred Oper Inc Taxes	Ln41a*10	0	0	0	0	0	0	0	0	0	0	0	0	
42	Unamortized Expenses	Ln42a*10	0	0	0	0	0	0	0	0	0	0	0	0	
43	TOTAL NET EQUAL ACCESS INVESTMENT	Ln39-40-41-42	0	0	0	0	0	0	0	0	0	0	0	0	
44	Distribution of Line 43	Ln43/43a	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
--- INVEST ALLOW/DISALLOW SEPARATION ---															
45	Investment Allow/Disallowances	Ln45a*1	0	0	0	0	0	0	0	0	0	0	0	0	
46	Direct Assignment	Ln46a*11	0	0	0	0	0	0	0	0	0	0	0	0	
47	TOTAL INVEST ALLOW/DISALLOWANCES	Ln45..46	0	0	0	0	0	0	0	0	0	0	0	0	

CERTAIN INCOME ACCOUNTS AND ADJUSTMENTS
 12 Month Study Period Ended December 31, 1992

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE		INTRASTATE TOLL InterLATA			INTRASTATE TOLL IntraLATA			EAS	LOCAL		TOTAL INTRASTATE & LOCAL
			TELL	Total	MES	FL	Total	MES	FL	Total Local		User Defined	Other	
---SEPARATIONS FACTORS---														
1	2004 TFC Long Term Distr	S-9,Ln24	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	Corp Oper Expenses Distr	S-14,Ln25	0.326042	0.107857	0.105197	0.002660	0.218105	0.207250	0.010935	0.006833	0.458150	0.000000	0.458150	0.793025
3	2680 Capital Leases Distr	S-6,Ln46	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
4	Net Teleco Plant Distr	S-2,Ln39	0.315224	0.106128	0.102932	0.003196	0.209096	0.197067	0.012029	0.016511	0.457213	0.000000	0.457213	0.733048
5	2001 TFC Distr	S-2,Ln16	0.315591	0.105263	0.101979	0.003164	0.208429	0.196411	0.012017	0.011242	0.460903	0.000000	0.460903	0.735727
6	ITC Amortization DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
7	Capitalized Payroll-DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
8	Depreciation Adjustments-DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
9	Uncollectibles-DA Fct	Records	1.000000	0.000000	0.000000	0.000000	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
--- OTHER INCOME SEPARATIONS---														
10	7500 Nonoper Inc Expenses													
11	Ata 'de 'est' Cur 'one'	Ln11a*1	0	0	0	0	0	0	0	0	0	0	0	0
12	Contributions	Ln12a*2	0	0	0	0	0	0	0	0	0	0	0	0
13														
14	7500 Interest & Related Items													
15	Capital Leases	Ln15a*1	0	0	0	0	0	0	0	0	0	0	0	0
16	7510 Int Funded Debt	Ln16a*4	2796254	941561	913107	28253	1854893	1748184	106709	94133	4055933	0	4055933	6941420
17	TOTAL INTEREST & RELATED ITEMS	Ln15...17	2796254	941561	913107	28253	1854893	1748184	106709	94133	4055933	0	4055933	6941420
--- INCOME TAX ADJUSTMENTS SEPARATIONS---														
18	ITC Amortization													
19	Joint	Ln19a*5	210573	72298	71079	2219	145275	136879	8376	7876	321249	0	321249	516259
20	Direct Assignment	Ln20a*6	0	0	0	0	0	0	0	0	0	0	0	0
21	TOTAL ITC AMORTIZATION	Ln19...20	210573	72298	71079	2219	145275	136879	8376	7876	321249	0	321249	516259
22														
23	Amortization of Excess Def Taxes	Ln23a*5	131708	44168	42871	1777	87540	82193	5047	4722	193579	0	193579	376007
24														
25	Capitalized Payroll Taxes													
26	Joint	Ln26a*5	0	0	0	0	0	0	0	0	0	0	0	0
27	Direct Assignment	Ln27a*7	0	0	0	0	0	0	0	0	0	0	0	0
28	TOTAL CAPITALIZED PAYROLL	Ln26...27	0	0	0	0	0	0	0	0	0	0	0	0
29														
30	Depreciation Adjustments													
31	Joint	Ln31a*5	0	0	0	0	0	0	0	0	0	0	0	0
32	Direct Assignment	Ln32a*8	0	0	0	0	0	0	0	0	0	0	0	0
33	TOTAL DEPRECIATION ADJUSTMENTS	Ln31...32	0	0	0	0	0	0	0	0	0	0	0	0
34														
35	Uncollectibles													
36	Joint	Ln36a*5	0	0	0	0	0	0	0	0	0	0	0	0
37	Direct Assignment	Ln37a*9	610000	0	0	0	610000	610000	0	0	0	0	0	610000
38	TOTAL UNCOLLECTIBLES	Ln36...37	610000	0	0	0	610000	610000	0	0	0	0	0	610000

PLANT SPECIFIC EXPENSES
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE		INTRASTATE TOLL InterLATA			INTRASTATE TOLL IntraLATA		EAS	Total Local	LOCAL User Defined	Other	TOTAL INTRASTATE & LOCAL
			TOTAL	Total	MEG	FL	Total	MEG	FL					
--- SEPARATIONS FACTORS ---														
1	2110 Land & Supt Assts Distr	S-4,Ln16	0.326942	0.107857	0.105197	0.002660	0.218185	0.207256	0.010935	0.008833	0.458150	0.000000	0.458150	0.793025
2	6110 Network Supt Expenses DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
3	6120 General Supt Expenses DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000	1.000000	1.000000
4	Total COE Distr	S-5,Ln111	0.297204	0.097857	0.087330	0.002660	0.197337	0.184973	0.011244	0.017667	0.524929	0.000000	0.524929	0.825801
5	COE Expenses-DA#1 Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
6	COE Expenses-DA#2 Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
7	6310 IDT Cat 1-Other Distr	S-6,Ln10	0.320678	0.114562	0.113562	0.000000	0.204116	0.204116	0.000000	0.000000	0.429322	0.000000	0.429322	0.750000
8	6310 IDT Cat 2-SPE Distr	S-6,Ln13	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
9	6310 IDT Exp DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	6410 CMF Distr	S-7,Ln67	0.331719	0.111585	0.112954	0.007631	0.215134	0.202075	0.013059	0.006839	0.410884	0.000000	0.410884	0.741443
11	6410 CMF Expenses-DA#1 Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
12	6410 CMF Expenses-DA#2 Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
--- PLANT SPECIFIC EXPENSES SEPARATION ---														
13	6110 Network Support Expenses	Ln13a1	497685	164227	160567	4060	333028	316337	16691	13482	699299	0	699299	1217436
14	Direct Assignment	Ln14a2	0	0	0	0	0	0	0	0	0	0	0	0
15	TOTAL NETWORK SUPPORT EXPENSES	Ln13..14	497685	164227	160567	4060	333028	316337	16691	13482	699299	0	699299	1217436
16														
17	6120 General Support Expenses	Ln17a1	1245149	411903	401744	10159	803246	791484	41762	33732	1749667	0	1749667	3028548
18	Direct Assignment	Ln18a2	0	0	0	0	0	0	0	0	0	0	0	0
19	TOTAL GENERAL SUPPORT EXPENSES	Ln17..18	1245149	411903	401744	10159	803246	791484	41762	33732	1749667	0	1749667	3028548
20														
21	6210,6220,6230 COE Expenses	Ln21a4	1742675	545271	528071	17220	1197384	1129036	68348	107199	3185123	0	3185123	5974957
22	Direct Assignment #1	Ln22a5	0	0	0	0	0	0	0	0	0	0	0	0
23	Direct Assignment #2	Ln23a6	0	0	0	0	0	0	0	0	0	0	0	0
24	TOTAL COE EXPENSES	Ln21..23	1742675	545271	528071	17220	1197384	1129036	68348	107199	3185123	0	3185123	5974957
25														
26	6310 IDT Equip Expenses													
27	Cat 1-Other IDT Eq Expenses	Ln27a7	218892	79564	79564	0	139328	139328	0	0	293051	0	293051	511943
28	Cat 2-Dust Free Equip Exp	Ln28a8	0	0	0	0	0	0	0	0	0	0	0	0
29	Direct Assignment	Ln29a9	0	0	0	0	0	0	0	0	0	0	0	0
30	TOTAL IDT EXPENSES	Ln27..29	218892	79564	79564	0	139328	139328	0	0	293051	0	293051	511943
31														
32	6410 CMF Expenses	Ln32a10	2828289	994024	967065	30958	1874265	1722925	111240	58312	3503260	0	3503260	6389861
33	Direct Assignment #1	Ln33a11	0	0	0	0	0	0	0	0	0	0	0	0
34	Direct Assignment #2	Ln34a12	0	0	0	0	0	0	0	0	0	0	0	0
35	TOTAL CMF EXPENSES	Ln32..34	2828289	994024	967065	30958	1874265	1722925	111240	58312	3503260	0	3503260	6389861
36														
37	Flt Base Exp x/6110,6120	Ln24+30+35	4789856	1618879	1570701	48179	2170976	2991288	179688	165511	6981435	0	6981435	11971802
38														
39	TOTAL PLANT SPEC OPER EXP	Ln15+17+37	6532660	2195410	2133012	62797	4337250	4099109	238141	212725	9430401	0	9430401	16175785

Commonwealth Telephone Company
 Total Company
 1993 Pro-Forma
 April 29, 1993

PLANT NONSPECIFIC EXPENSES
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL		INTRASTATE TOLL		INTRASTATE TOLL		EAS	LOCAL		TOTAL		
			INTRASTATE		InterLATA		IntraLATA			Total	User		Other	INTRASTATE & LOCAL
			TOLL	Total	MSG	FL	Total	MSG						
---SEPARATION FACTORS---														
1	2601 TPIS Distr	S-2,Ln16	0.312591	0.105163	0.101979	0.003184	0.208429	0.196411	0.012017	0.011242	0.460903	0.000000	0.460903	0.705737
2	6510 Oth Prop Flt & Eq Exp DA PctRecords		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
3	Total COE, IOT, CMWF Distr	S-2,Ln9	0.312592	0.104824	0.101974	0.003250	0.207203	0.195049	0.012153	0.011545	0.461249	0.000000	0.461249	0.704821
4	6570 Network Oper Expenses DA PctRecords		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
5	6540 Access Expenses Pct	Records	0.994385	0.000000	0.000000	0.000000	0.994385	0.994385	0.000000	0.000000	0.000000	0.000000	0.994385	
6	2110 Support Assets Distr	S-4,Ln10	0.328042	0.107057	0.105197	0.002861	0.213105	0.207250	0.010925	0.008927	0.450150	0.000000	0.450150	0.770225
7	2210 COE-Switching Distr	S-5,Ln40	0.038481	0.075607	0.075027	0.000000	0.163454	0.163454	0.000000	0.000000	0.619083	0.000000	0.619083	0.857564
8	2220 COE Operator Distr	S-5,Ln27	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
9	2270 COE-Transmission Distr	S-5,Ln108	0.419022	0.170262	0.119699	0.010563	0.299560	0.247176	0.041924	0.053755	0.268657	0.000000	0.268657	0.754024
10	2310 IOT Distr	S-4,Ln14	0.324478	0.113962	0.114512	0.002000	0.204116	0.204116	0.000000	0.000000	0.429322	0.000000	0.429322	0.750000
11	2410 CMWF Distr	S-2,Ln35	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
12	6501 Depr & Amort Exp-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
13	2102 Prop Hld Ft Tel Use Distr	S-9,Ln10	0.312591	0.105163	0.101979	0.003184	0.208429	0.196411	0.012017	0.011242	0.460903	0.000000	0.460903	0.705737
14	2490 Tangible Assets Distr	S-8,Ln17	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
15	2450 Intangible Assets Distr	S-8,Ln71	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
16	2405 Telecon Pct Adjustment	S-9,Ln29	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
---PLANT NONSPECIFIC EXPENSE SEPARATIONS---														
17	6511 Oth Prop Plant & Eq Exp	Ln17a*1	0	0	0	0	0	0	0	0	0	0	0	
18	Direct Assignment	Ln18a*2	0	0	0	0	0	0	0	0	0	0	0	
19	TOTAL OTH PROP PLANT & EQ EXP	Ln17...19	0	0	0	0	0	0	0	0	0	0	0	
20														
21	6570 Network Operations Exp	Ln21a*3	2742169	921557	892986	28571	1821112	1714766	106847	101499	4055052	0	4055052	6899720
22	Direct Assignment	Ln22a*4	0	0	0	0	0	0	0	0	0	0	0	
23	TOTAL NETWORK OPERATIONS EXP	Ln21...22	2742169	921557	892986	28571	1821112	1714766	106847	101499	4055052	0	4055052	6899720
24														
25	6540 Access Expenses	Ln25a*5	7511783	0	0	0	7511783	7511783	0	0	0	0	7511783	
26														
27	6560 Depr and Amort Expenses													
28	Depr-Support Assets	Ln28a*6	738719	244373	238346	5027	494346	469570	24776	20012	1038079	0	1038079	1756370
29	Depr-COE-Switching	Ln29a*7	2489132	782773	782773	0	1705359	1705359	0	0	6459041	0	6459041	8947173
30	Depr-COE-Operator	Ln30a*8	0	0	0	0	0	0	0	0	0	0	0	
31	Depr-COE-Transmission	Ln31a*9	1941895	602531	553672	46858	1339365	1145446	193919	304149	1242679	0	1242679	3488724
32	Depr-Info Orig/Term Equip	Ln32a*10	46284	16824	16824	0	29460	29460	0	0	61964	0	61964	108248
33	Depr-Cable & Wire Facilities	Ln33a*11	3045077	1070216	1036885	33331	1974862	1854987	119875	62782	3771786	0	3771786	6879044
34	Direct Assignment	Ln34a*12	0	0	0	0	0	0	0	0	0	0	0	
35	Depr-Prop Hld Ft Tel Use	Ln35a*13	0	0	0	0	0	0	0	0	0	0	0	
36	Amort-Tangible Assets	Ln36a*14	0	0	0	0	0	0	0	0	0	0	0	
37	Amort-Intangible Assets	Ln37a*15	0	0	0	0	0	0	0	0	0	0	0	
38	Amort-Other	Ln38a*16	0	0	0	0	0	0	0	0	0	0	0	
39	TOTAL DEPR & AMORT EXPENSES	Ln28...39	8260108	2716716	2628499	88216	5543392	5204822	338570	386943	12573599	0	12573599	21220540
40														
41	TOTAL PLANT NONSPEC OPER EXP	Ln19+21+25+39	18515060	3678277	3521485	116767	14376708	14431371	445417	488442	16628560	0	16628560	35677667

Continental Telephone Company
 Total Company
 1992 Pro Forma
 April 29, 1993

CUSTOMER OPERATIONS EXPENSES
 12 Month Study Period Ended December 31, 1992

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE		INTRASTATE TOLL InterLATA		INTRASTATE TOLL IntraLATA		EAS	Total Local	LOCAL User Defined	Other	TOTAL	
			TOLL	Total	MSG	FL	Total	MSG					FL	INTRASTATE & LOCAL
---SEPARATIONS FACTORS---														
1	Current Billings Pct	Records	0.417070	0.150560	0.145620	0.004800	0.268570	0.237600	0.028970	0.000000	0.233160	0.000000	0.233160	0.650230
2	6610 Marketing Expenses-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
3	NEWS-Tel Oper Svcs Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
4	6620 Tel Oper Svcs-DA Pct	Records	0.727380	0.000000	0.000000	0.000000	0.727380	0.727380	0.000000	0.000000	0.265450	0.000000	0.265450	0.992830
5	Classified Directories Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000	1.000000	1.000000
6	Relative TWX MDU Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
7	Subscriber Line MDU Pct	Records	0.222842	0.070428	0.070428	0.000000	0.152404	0.152404	0.000000	0.000000	0.641201	0.000000	0.641201	0.864042
8	Foreign Directories Pct	Records	0.560000	0.330000	0.330000	0.000000	0.330000	0.330000	0.000000	0.000000	0.000000	0.000000	0.000000	0.660000
9	6620 Publ Dir Listings-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	Weight EU Svc Ord Proc Cont Pct	Records	0.066958	0.070465	0.070465	0.000000	0.035593	0.035593	0.000000	0.000000	0.906862	0.000000	0.906862	0.972920
11	EU Billed Revenue Pct	Records	0.472470	0.160750	0.160750	0.000000	0.313980	0.278050	0.036030	0.000000	0.273840	0.000000	0.273840	0.747310
12	Weight EU Svc Inv Cont Pct	Records	0.145625	0.054875	0.054875	0.000000	0.088950	0.088950	0.000000	0.000000	0.776909	0.000000	0.776909	0.922594
13	Weight IX Svc Ord Proc Cont Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	IX Billed Revenue Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
15	Weight IX Bill Inv Cont Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16	Coin Revenues Pct	Records	0.314422	0.072106	0.072106	0.000000	0.242316	0.242316	0.000000	0.000000	0.577148	0.000000	0.577148	0.891570
17	6620 All Other Cat 1-DA Pct	Records	0.652511	0.251770	0.251770	0.000000	0.400741	0.400741	0.000000	0.000000	0.000000	0.000000	0.000000	0.652511
---MARKETING EXPENSES SEPARATION---														
18	6610 Marketing Expenses	Ln18a*1	212973	112708	109274	3662	200036	178297	21739	0	174965	0	174965	487938
19	Direct Assignment	Ln18a*2	0	0	0	0	0	0	0	0	0	0	0	0
20	TOTAL MARKETING EXPENSES	Ln18..19	212973	112708	109274	3662	200036	178297	21739	0	174965	0	174965	487938
---SERVICES EXPENSES SEPARATION---														
21	6620 Services Expenses													
22	Telephone Operator Services:													
23	Tel Operator Svc	Ln23a*3	0	0	0	0	0	0	0	0	0	0	0	0
24	Direct Assignment	Ln23a*4	619728	0	0	0	619728	619728	0	0	226163	0	226163	845891
25	Total Tel Oper Svc Exp	Ln23..24	619728	0	0	0	619728	619728	0	0	226163	0	226163	845891
26														
27	Published Direct Listings:													
28	Classified	Ln28a*5	0	0	0	0	0	0	0	218578	0	218578	218578	
29	TWX	Ln28a*6	0	0	0	0	0	0	0	0	0	0	0	
30	Alpha	Ln30a*7	44217	13976	13976	0	30240	30240	0	0	127228	0	127228	171445
31	Foreign	Ln31a*8	9781	4891	4891	0	4891	4891	0	0	0	0	9781	
32	Direct Assignment	Ln32a*9	0	0	0	0	0	0	0	0	0	0	0	
33	Total Publ Direct Lis*	Ln28..32	53998	18967	18967	0	35131	35131	0	0	345806	0	345806	399804
34														
35	All Other:													
36	Cat 1-LBOE EU Svc Ord Proc	Ln36a*10	59548	27463	27463	0	32085	32085	0	0	817493	0	817493	877042
37	Cat 1-LBOE EU Pat & Col	Ln37a*11	263914	89402	89402	0	174512	155543	18968	0	152639	0	152639	416553
38	Cat 1-LBOE EU Bill Inv	Ln38a*12	88317	34454	34454	0	57863	57863	0	0	470977	0	470977	559294
39	Cat 1-LBOE IX Svc Ord Proc	Ln39a*13	0	0	0	0	0	0	0	0	0	0	0	
40	Cat 1-LBOE IX Pat & Col	Ln40a*14	0	0	0	0	0	0	0	0	0	0	0	
41	Cat 1-LBOE IX Bill Inv	Ln41a*15	0	0	0	0	0	0	0	0	0	0	0	
42	Cat 1-LBOE Cn Col & Adoin	Ln42a*16	47223	10830	10830	0	36394	36394	0	0	86682	0	86682	133906
43	Cat 1-Direct Assignment	Ln43a*17	26776	10332	10332	0	16445	16445	0	0	0	0	26776	
44	Total Cat 1-LBOE	Ln36..43	495779	172480	172480	0	212298	294330	18968	0	1527792	0	1527792	3013571

Commonwealth Telephone Company
 Total Company
 1973 Pro-Faraa
 April 29, 1993

CUSTOMER OPERATIONS EXPENSES
 12 Month Study Period Ended December 31, 1992

LINE	DESCRIPTION	SOURCE	TOTAL		INTRASTATE TOLL			INTRASTATE TOLL		EAS	LOCAL		TOTAL	
			INTRASTATE TOLL	Total	MSB	FL	Total	MSB	FL		Total Local	User Defined	Other	INTRASTATE & LOCAL
--- SEPARATIONS FACTORS ---														
45	Relative Toll & Local Msgs Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
46	Relative Users Pct	Records	0.457912	0.210892	0.210892	0.000000	0.247020	0.245130	0.001890	0.000000	0.293521	0.000000	0.293521	0.751433
47	CABS Pct	Records	0.500000	0.500000	0.500000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.500000	
48	0/20 All Other Cat 2 CA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
49	0/20 All Other Cat 3 CA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
--- SERVICES EXPENSES SEPARATION (CONT'D) ---														
50	Cat 2 CSE Msg Proc	Ln50a15	0	0	0	0	0	0	0	0	8274	0	8274	8274
51	Cat 2 CSE Other B&C	Ln51a146	806199	371296	371296	0	434903	431576	3328	0	516773	0	516773	1322972
52	Cat 2 CSE CABS	Ln52a147	44465	44465	44465	0	0	0	0	0	0	0	0	44465
53	Cat 2 Direct Assignment	Ln53a148	0	0	0	0	0	0	0	0	13396	0	13396	13396
54	Total Cat 2 CSE	Ln50..53	850464	415761	415761	0	434903	431576	3328	0	578547	0	578547	1389207
55														
56	Total All Other Cat 1 & 2	Ln44+54	1336443	588242	588242	0	748201	725905	22296	0	2066335	0	2066335	3402778
57	Distribution of Line 56	Ln56+56a	0.323782	0.147514	0.142514	0.000000	0.181268	0.175866	0.005402	0.000000	0.500614	0.000000	0.500614	0.824396
58														
59	Cat 3 All Other CSE	Ln59a157	0	0	0	0	0	0	0	0	0	0	0	0
60	Cat 3 Direct Assignment	Ln60+449	0	0	0	0	0	0	0	0	0	0	0	0
61	Total All Other Cat 3	Ln59..60	0	0	0	0	0	0	0	0	0	0	0	0
62														
63	Total All Other-Cat 1,2,3	Ln56+61	1336443	588242	588242	0	748201	725905	22296	0	2066335	0	2066335	3402778
64														
65	TOTAL SERVICES EXPENSES	Ln25+33+61	2010169	607109	607109	0	1407060	1380764	22296	0	2638705	0	2638705	4648473
66														
67	TOTAL CUSTOMER OPER EXPENSES	Ln20+65	2323141	720045	716787	3610	1603096	1559061	44075	0	2817270	0	2817270	5176411

CORP OPERATIONS, TAXES, & EQUAL ACCESS EXPENSES
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE		INTRASTATE TOLL InterLATA		INTRASTATE TOLL IntraLATA		EAS	LOCAL		TOTAL INTRASTATE & LOCAL
			TOLL	Total	MSG	PL	Total	MSG		PL	Total Local	
--- SEPARATIONS FACTORS ---												
1	6710 EAS Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	Big Three Expenses Distr	9-3,Ln6	0.326042	0.107057	0.105197	0.002660	0.210185	0.207250	0.010935	0.008833	0.458150	0.458150
3	6710 Exec & Planning Exp DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
4	6720 EAS Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5	6720 Gen'l and Admin Exp DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
6	2001 TRIS Distr	5-2,Ln16	0.717551	0.195163	0.191979	0.007184	0.208429	0.196411	0.012017	0.011242	0.460903	0.460903
7	Oper Taxes #1 DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
8	Oper Taxes #2 DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
9	Oper Taxes #3-DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	Equal Access Invest Distr	9-5,Ln11	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	Expense Allow/Disallow DA Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
--- CORPORATE OPERATIONS EXPENSES SEPARATIONS ---												
12	6710 Exec & Planning Expenses											
13	EAS	Ln13a*1	0	0	0	0	0	0	0	0	0	0
14	All Other	Ln14a*2	1044903	610299	595247	15052	1224584	1172708	61876	49979	2592406	2592406
15	Direct Assignment	Ln15a*3	0	0	0	0	0	0	0	0	0	0
16	TOTAL EXEC & PLANNING EXPENSES	Ln13...15	1044903	610299	595247	15052	1224584	1172708	61876	49979	2592406	2592406
17												
18	6720 Gen'l and Admin Expenses											
19	EAS	Ln19a*4	0	0	0	0	0	0	0	0	0	0
20	All Other	Ln20a*2	4207473	1465773	1419480	35893	2944106	2795544	147556	119185	6182082	6182082
21	Direct Assignment	Ln21a*5	0	0	0	0	0	0	0	0	0	0
22	TOTAL GEN'L & ADMIN EXPENSES	Ln19...21	4207473	1465773	1419480	35893	2944106	2795544	147556	119185	6182082	6182082
23												
24	TOTAL CORPORATE OPER EXPENSES	Ln16/12	6244356	2065672	2014727	50945	4178584	3969252	209432	169164	8774488	8774488
25	Distribution of Line 24	Ln24/24a	0.326042	0.107057	0.105197	0.002660	0.210185	0.207250	0.010935	0.008833	0.458150	0.458150
--- OPERATING TAXES SEPARATIONS ---												
26	7700 Operating Taxes											
27	Op Fed,State,Loc Income	Note 1										
28												
29	FIT Allowances/Disallowances	Ln29a*6	5763	1212	1204	70	2501	2357	144	135	5531	5531
30												
31	Other Oper Taxes	Ln31a*6	666068	223366	216603	6763	442702	417177	25525	23879	978958	978958
32	Oper Taxes #1	Ln32a*7	0	0	0	0	0	0	0	0	0	0
33	Oper Taxes #2	Ln33a*8	0	0	0	0	0	0	0	0	0	0
34	Oper Taxes #3	Ln34a*9	0	0	0	0	0	0	0	0	0	0
35	TOTAL OPER TAXES w/FIT,51T	Ln31...34	666068	223366	216603	6763	442702	417177	25525	23879	978958	978958
--- EQUAL ACCESS EXPENSES SEPARATIONS ---												
36	Equal Access Expenses											
37	Depreciation Expense	Ln37a*10	0	0	0	0	0	0	0	0	0	0
38	Amortization Expense	Ln38a*10	0	0	0	0	0	0	0	0	0	0
39	TOTAL EQUAL ACCESS EXPENSES	Ln37...38	0	0	0	0	0	0	0	0	0	0
--- ALLOWANCES AND DISALLOWANCES ---												
40	Expense Allowances/Disallowances	Ln40a*6	0	0	0	0	0	0	0	0	0	0
41	Direct Assignment	Ln41a*11	0	0	0	0	0	0	0	0	0	0
42	TOTAL EXPENSE ALLOW/DISALLOWANCES	Ln40...41	0	0	0	0	0	0	0	0	0	0

Note 1: Calculated on the 9-1

RESERVES & DEFERRALS
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL INTRASTATE TOLL		INTRASTATE TOLL			EAS	LOCAL		TOTAL INTRASTATE & LOCAL
			TOLL	Total	InterLATA	FL	Total		IntraLATA	FL	
---SEPARATIONS FACTORS---											
1	1500 Other Juris Assets Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	2110 Support Assets Distr	S-4,Ln10	0.326042	0.107857	0.105197	0.002660	0.218165	0.207250	0.010935	0.008833	0.458150
3	2210 COE-Switching Distr	S-5,Ln40	0.238481	0.075027	0.075027	0.000000	0.163454	0.000000	0.000000	0.619083	0.000000
4	2220 COE Operator Distr	S-5,Ln27	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5	2230 COE-Transmission Distr	S-5,Ln100	0.419022	0.134202	0.119499	0.014703	0.289560	0.247636	0.041924	0.065755	0.268657
6	2310 IOT Distr	S-5,Ln24	0.709470	0.116562	0.116562	0.000000	0.204116	0.204116	0.000000	0.000000	0.429322
7	2410 CMF Distr	S-7,Ln65	0.331719	0.116585	0.112954	0.003631	0.215134	0.202075	0.013059	0.006839	0.410884
8	2601 TPIS -/Land	S-2,Ln20	0.313533	0.105150	0.101964	0.003186	0.208383	0.196360	0.012023	0.011254	0.460916
9	3100 Accum Depr DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	2002 Prop Hld Ftr Tel Use Distr	S-9,Ln15	0.312501	0.105163	0.101979	0.003184	0.208429	0.196411	0.012017	0.011242	0.460903
11	2600 Tangible Assets Distr	S-6,Ln67	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
12	2670 Intangible Assets Distr	S-8,Ln71	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
13	2905 Telecom Ftr Adjustment	S-7,Ln29	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	4040 Customer Deposits-DA Fct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
---RESERVES & DEFERRALS SEPARATION---											
15	1500 Other Juris Assets -Net	Ln15a*1	0	0	0	0	0	0	0	0	0
16											
17	3100 Accum Depr Tel Ftr in Fct										
18	Support Assets	Ln18a*2	3554279	1175784	1146780	28908	2378515	2259305	119209	96268	4594454
19	COE-Switching	Ln19a*3	1074567	3379011	3379011	0	7361556	7361556	0	0	27881861
20	COE Operator	Ln20a*4	0	0	0	0	0	0	0	0	0
21	COE-Transmission	Ln21a*5	7261983	2250245	2070533	180712	5008737	4202550	725188	1137408	4647169
22	Info Orig/Term Equip	Ln22a*6	776245	279973	279973	0	490272	490272	0	0	1031200
23	CMF	Ln23a*7	1979045	6597711	6741599	216712	12880124	12660726	779278	408192	24523327
24	Direct Assignment	Ln24a*9	0	0	0	0	0	0	0	0	0
25	TOTAL ACCUMULATED DEPRECIATION	Ln18..24	42125529	14046225	13617902	428402	28079204	26455409	1623795	1641988	63078021
26											
27	3200 Accum Depr Property Held										
28	For Future Telecom Use	Ln28a*10	0	0	0	0	0	0	0	0	0
29											
30	3400 Accum Asort-Tangible	Ln30a*11	0	0	0	0	0	0	0	0	0
31											
32	3500 Accum Asort-Intangible	Ln32a*12	0	0	0	0	0	0	0	0	0
33											
34	3600 Accum Asort-Other	Ln34a*17	0	0	0	0	0	0	0	0	0
35											
36	4040 Customer Deposits	Ln36a*8	96255	32281	31303	978	63974	60283	3691	3455	141501
37	Direct Assignment	Ln37a*14	0	0	0	0	0	0	0	0	0
38	TOTAL CUSTOMER DEPOSITS	Ln36..37	96255	32281	31303	978	63974	60283	3691	3455	141501
39											
40	4100 Net Cur Def Op Inc Taxes										
41	Support Assets	Ln41a*2	0	0	0	0	0	0	0	0	0
42	COE-Switching	Ln42a*3	0	0	0	0	0	0	0	0	0
43	COE Operator	Ln43a*4	0	0	0	0	0	0	0	0	0
44	COE-Transmission	Ln44a*5	0	0	0	0	0	0	0	0	0
45	Info Orig/Term Equip	Ln45a*6	0	0	0	0	0	0	0	0	0
46	CMF	Ln46a*7	0	0	0	0	0	0	0	0	0
47	Not Classified by Acct	Ln47a*8	0	0	0	0	0	0	0	0	0
48	TOTAL NET CUR DEF OP INC TAXES	Ln41..47	0	0	0	0	0	0	0	0	0

Commonwealth Telephone Company
 Total Company
 1993 Pro-Forma
 April 29, 1993

RESERVES & DEFERRALS
 12 Month Study Period Ended December 31, 1993

LINE	DESCRIPTION	SOURCE	TOTAL		INTRASTATE TOLL			INTRASTATE TOLL		EAS	Total Local	LOCAL User Defined	Other	TOTAL	
			INTRASTATE TOLL	Total	InterLATA	PL	Total	IntraLATA	PL					INTRASTATE	% LOCAL
---SEPARATIONS FACTORS---															
49	2110 Support Assets Distr	S-4,Ln10	0.326042	0.107857	0.105197	0.002660	0.218165	0.207250	0.010935	0.005833	0.458150	0.000000	0.458150	0.773025	
50	2210 COE Switching Distr	S-5,Ln40	0.239491	0.375027	0.375027	0.000000	0.163454	0.163454	0.000000	0.000000	0.619997	0.000000	0.619997	0.857564	
51	2220 COE Operator Distr	S-5,Ln27	0.010000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
52	2230 COE Transmission Distr	S-5,Ln105	0.419822	0.117042	0.117042	0.010562	0.287500	0.247636	0.041924	0.065755	0.260057	0.000000	0.260057	0.754224	
53	2710 IOT Distr	S-6,Ln11	0.026478	0.110012	0.118562	0.000000	0.291111	0.204111	0.087000	0.000000	0.425722	0.000000	0.425722	0.700000	
54	2410 C&M Distr	S-7,Ln15	0.331719	0.111705	0.111705	0.000000	0.215171	0.200175	0.113059	0.066837	0.413884	0.000000	0.413884	0.741443	
55	2001 ITO Record	S-2,Ln27	0.310000	0.100000	0.101957	0.000000	0.208300	0.196300	0.012000	0.011254	0.400000	0.000000	0.400000	0.765700	
56	4370 Other Juris Liab Pct	Records	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
57	Acc Depr/Amort Allow/Disallow IA DefRecords		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		
RESERVES & DEFERRALS SUMMARY															
58	4370 Net Noncurrent Def Taxes		0	0	0	0	0	0	0	0	0	0	0		
59	Support Assets	Ln50a*40	0	0	0	0	0	0	0	0	0	0	0		
60	COE Switching	Ln50a*50	0	0	0	0	0	0	0	0	0	0	0		
61	COE Operator	Ln51a*51	0	0	0	0	0	0	0	0	0	0	0		
62	COE-Transmission	Ln62a*52	0	0	0	0	0	0	0	0	0	0	0		
63	Info Orig/Term Equip	Ln63a*53	0	0	0	0	0	0	0	0	0	0	0		
64	C&M	Ln64a*54	0	0	0	0	0	0	0	0	0	0	0		
65	Not Classified by Prod	Ln65a*55	14678517	4922758	4773579	149180	9755759	9192905	562854	526858	21578471	0	21578471	36783845	
66	TOTAL NET NONCURRENT DEF TAXES	Ln66..65	14678517	4922758	4773579	149180	9755759	9192905	562854	526858	21578471	0	21578471	36783845	
67															
68	4370 Other Juris liabilities														
69	& Deferred Credits - Net	Ln69a*56	0	0	0	0	0	0	0	0	0	0	0		
---ACCM DEFR & AMORT ALLOW/DISALLOW---															
70	Accm Depr & Amort Allow/Disallow	Ln70a*55	0	0	0	0	0	0	0	0	0	0	0		
71	Direct Assignment	Ln71a*57	0	0	0	0	0	0	0	0	0	0	0		
72	TOTAL ACC DEFR/AMORT ALW/DISALLOW	Ln70..71	0	0	0	0	0	0	0	0	0	0	0		

Commonwealth Telephone Company
Historical Year Reconciled to Books
Year Ended December 31, 1992

ACCT	ACCT NAME	1992 HISTORICAL YEAR	LESS DEREG	REGULATED ONLY	+ - NORMS	REVISED HISTORICAL YEAR	GROWTH	KNOWN CHANGES	TEST YEAR
5001	Subscriber station revenue	15,934,982		15,934,982		15,934,982	475,018		16,410,000
5001	(Non c.o.) Service connect chgs	460,252		460,252		460,252	748		461,000
5050	CPE miscellaneous revenue	76,840		76,840		76,840	160		77,000
5060	(C.O.) Service connect chgs	749,173		749,173		749,173	827		750,000
5010	Total public telephone rev	561,753		561,753		561,753	8,247		570,000
5060	Vertical services	3,705,159		3,705,159		3,705,159	249,841		3,955,000
5060	Surcharge revenue	247,708		247,708	55,040	302,748	1,252		304,000
5040	Local private line	168,113		168,113		168,113	-6,113		162,000
5060	Other local exchange revenue	360,376		360,376		360,376	1,624		362,000
5069	Extended area service revenue	236,816		236,816		236,816	-5,816	-32,000	199,000
	TOTAL LOCAL	22,501,172	0	22,501,172	55,040	22,556,212	725,788	-32,000	23,250,000
5084	Switched access	13,633,361		13,633,361		13,633,361	136,639		13,770,000
5084	Special access	360,115		360,115		360,115	10,885		371,000
5084	Surcharge revenue	13,557		13,557		13,557	76,443		90,000
5084	Itorp revenue	10,165,174		10,165,174		10,165,174	284,826		10,450,000
	TOTAL INTRASTATE ACCESS	24,172,207	0	24,172,207	0	24,172,207	508,793	0	24,681,000
5100	Customer billed revenue	22,075,378	136,310	21,939,068		21,939,068	997,932	-175,000	22,762,000
5160	Surcharge revenue	261,356		261,356	51,133	312,489	3,511	-2,000	314,000
5110	WATS revenue	666,448		666,448		666,448	-66,448		600,000
5120	Private network revenue	1,808,628		1,808,628		1,808,628	27,372		1,836,000
	TOTAL LONG DISTANCE	24,811,810	136,310	24,675,500	51,133	24,726,633	962,367	-177,000	25,512,000
5230	Directory revenue	698,480		698,480		698,480	1,520		700,000
5240	Rental revenue	714,056		714,056		714,056	3,944		718,000
5261	Intrastate special billings	25,112		25,112		25,112	888		26,000
5264	Late payment chgs - intra	524,291	113,931	410,360		410,360	640		411,000
5264	Other incidental reg rev - intra	199,989	199,989	0		0	0		0
5264	Other incidental reg rev - inter	180,813	180,813	0		0	0		0
5263	Plant oper revenue - intra	73,245		73,245		73,245	3,755		77,000
5240	Rent revenue - affiliates	101,146		101,146	-51,471	49,675	325		50,000
5264	Oth reg rev - intra affil	72,613		72,613		72,613	387		73,000
5250	Corp oper rev - intra affil	32,563		32,563		32,563	437		33,000
5262	Cust oper rev - intra affil	155,889		155,889		155,889	111		156,000
5263	Plant oper rev - intra affil	147,578		147,578		147,578	422		148,000
5264	Surcharge revenue	5,263		5,263		5,263	737		6,000
5270	Bill & Collection rev - intra	2,445,311	2,445,311	0		0	0		0
	TOTAL MISCELLANEOUS	5,376,349	2,940,044	2,436,305	-51,471	2,384,834	13,166	0	2,398,000
5300	UNCOLLECTIBLES	608,413	122	608,291		608,291	1,709		610,000
	TOTAL OPERATING REVENUE	76,253,125	3,076,232	73,176,893	54,702	73,231,595	2,208,405	-209,000	75,231,000

COMMONWEALTH TELEPHONE COMPANY & *Edh*
STATEMENT NO. 3

I-00920020

Hbg

per

7/2/93

*APC-1
thru
APC-7*

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :

v. :

DOCKET NO. I-00920020

COMMONWEALTH TELEPHONE COMPANY :

RECEIVED
JUL 16 1993
FACILITY
REGISTRATION DIV.

DIRECT TESTIMONY OF
DONALD P. CAWLEY
ON BEHALF OF
COMMONWEALTH TELEPHONE COMPANY

CONCERNING: ACCOUNTING ISSUES

DOCKETED
JUL 16 1993

**DOCUMENT
FOLDER**

Dated: May 3, 1993

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DIRECT TESTIMONY OF
DONALD P. CAWLEY
ON BEHALF OF
COMMONWEALTH TELEPHONE COMPANY

CONCERNING: ACCOUNTING ISSUES

Dated: May 3, 1993

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3
Donald P. Cawley

1 Q PLEASE STATE YOUR FULL NAME, TITLE AND BUSINESS ADDRESS.

2 A My name is Donald P. Cawley. I am the Controller for
3 Commonwealth Telephone Company ("CTCO"). My business address
4 is 100 Lake Street, Dallas, Pennsylvania 18612.

5 Q WHAT ARE YOUR DUTIES AND RESPONSIBILITIES AS CONTROLLER?

6 A I am responsible for managing the telephone company's
7 accounting operations.

8 Q COULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND?

9 A I was awarded a Bachelor of Science Degree in Accounting from
10 Kings College in 1980. I became a Certified Public Accountant
11 in 1991 and have taken continuing professional education
12 courses approved by the Pennsylvania State Board of
13 Accountants throughout my career.

14 Q PLEASE DESCRIBE YOUR EMPLOYMENT BACKGROUND.

15 A I have held my current position as Controller of CTCO for
16 approximately one (1) year. Over the past approximately
17 thirteen (13) years, I have held various positions within the
18 C-TEC organization: including Assistant Corporate Controller
19 (C-TEC); Controller for the former Information Services Group;
20 Controller for Communications Services Group; and Controller

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3
Donald P. Cawley

1 for the Mobile Services Group.

2 **Q ARE YOU AFFILIATED WITH ANY PROFESSIONAL OR INDUSTRY**
3 **ORGANIZATIONS?**

4 A Yes. I am a member of the American Institute of Certified
5 Public Accountants and the Pennsylvania Institute of Certified
6 Public Accountants. I am a member of the Pennsylvania
7 Telephone Association's Management Accounting Committee.

8 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9 A The purpose of my testimony is to present the operating
10 expenses and average intrastate rate base of the company for
11 the test year in this proceeding. The company is presenting
12 data for calendar 1993 as the test year to demonstrate its
13 operating results and is providing calendar 1992 information
14 to provide support.

15 **Q ARE YOU SPONSORING ANY EXHIBITS?**

16 A Yes, I am sponsoring the following exhibits:

17 DPC-1: 1992 Intrastate Average Rate Base
18 DPC-2: 1993 Intrastate Average Rate Base
19 DPC-3: 1992 Normalized Intrastate Expenses
20 DPC-4: 1993 Adjusted Intrastate Expenses
21 DPC-5: 1992 Intrastate Income Statement
22 DPC-6: 1993 Intrastate Income Statement
23 DPC-7: 1993 Intrastate Earnings Deficiency

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3
Donald P. Cawley

1 Q PLEASE DESCRIBE THE DEVELOPMENT OF THE TEST YEAR EXPENSE DATA.

2 A The starting point was 1992 per book information which I
3 normalized and adjusted to remove one unusual event which had
4 a material impact on the results. Further, all deregulated
5 activity had been removed from this historical year data by
6 Mr. Laffey.

7 The calendar 1993 test year data was then derived from
8 these adjusted 1992 accounts. The known changes occurring in
9 the future test year were taken into consideration, utilizing
10 the known and measurable level of change for the affected
11 accounts. In those expense categories where known changes
12 were not developed, the expense categories were increased by
13 an inflation factor of 3.2%. That inflation rate is derived
14 from materials published by William M. Mercer, Inc., which is
15 the leading benefit, compensation and investment consulting
16 firm in the country.

17 Q DID YOU UTILIZE THE SEPARATION FACTORS DEVELOPED BY MR. LAFFEY
18 AND AS TESTIFIED TO BY HIM?

19 A Yes, I did.

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3
Donald P. Cawley

1 Q PLEASE IDENTIFY THE MOST SIGNIFICANT KNOWN EXPENSE CHANGES
2 REFLECTED IN THE FUTURE TEST YEAR.

3 A There are several.

4 Labor costs were increased to reflect 5% merit increases
5 for exempt and non-exempt employees and the settlement of
6 union wage negotiations. This also affected the related
7 fringe benefits.

8 Depreciation accrual rates were revised to reflect the
9 impact of competition and technology on capital recovery, a
10 matter discussed in Mr. Robinson's testimony. Depreciation
11 expense was calculated by multiplying the average plant
12 balance by the applicable depreciation rate on an account
13 basis.

14 The costs associated with this proceeding, both internal
15 and external, are anticipated to be approximately \$350,000.
16 I have expensed this amount in the future test year, since we
17 believe that external economic and operational influences will
18 create requests for rate relief as early as next year.

19 Q PLEASE EXPLAIN THE FORMATTING OF THE EXPENSE ADJUSTMENTS IN
20 EXHIBIT DPC-4.

21 A There are four adjustment columns entitled "Known Changes",
22 "Inflation Factor", "Other", and "Salary/Benefit Increase".

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3
Donald P. Cawley

1 The "Known Changes" column should be self-explanatory. As
2 described above, an inflation factor of 3.2% was utilized.
3 The "Other" column reflects various items: some known
4 changes; some adjustments reflect inter-account shifts;
5 certain entries reflecting changes in the corporate charge-
6 back allocations; and others associated with position
7 elimination and transfers.

8 An example may be helpful. Referencing Page 3 of 6,
9 Account 6121-Land and Buildings is an account which reflects
10 the expenses associated with real property including the
11 company's headquarters, the business office and the central
12 offices. The amount of \$197,448 is reflected under "Known
13 Changes" and is an annualization of rent. 100 Lake Street was
14 sold in September 1992 pursuant to Commission Order. The rent
15 paid in the latter quarter of 1992 needed to be annualized to
16 capture a full year's effect. The column entitled "Inflation"
17 reflects inflationary increases in rent, utilities, and house
18 cleaning at 3.2%. In the column entitled "Other", a deduction
19 of \$33,107 appears which primarily reflects the discontinuance
20 of house cleaning and utilities as an obligation paid by CTCO.
21 These services are included within the rent paid at 100 Lake
22 Street and are the landlord's responsibility. The entry under
23 the column entitled "Salary/ Benefit Increase" are those

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3
Donald P. Cawley

1 salary changes associated with CTCO's land and building
2 department. I would also note that the proceeds received by
3 CTCO for the sale of 100 Lake Street were credited to the
4 company's plant in service accounts and, therefore, reduce
5 rate base.

6 **Q PLEASE EXPLAIN THE COMPANY'S DEVELOPMENT OF FUTURE TEST YEAR**
7 **RATE BASE.**

8 **A** Plant in service and depreciation reserve accounts represent
9 the average future test year values derived by summing period
10 beginning (12/31/92) and ending (12/31/93) balances and
11 dividing the result by 2. The depreciation reserve is stated
12 based upon the presentation made by Mr. Robinson in his
13 testimony.

14 Added to company's net plant in service are several
15 accounts. The cash working capital amount is valued at that
16 level testified to by Mr. McDaniels in his testimony.
17 Materials and supplies, and RTB stock, are the average
18 intrastate per-book figures. The plant held for future use
19 claim is also an average value. The underlying facilities
20 represented in this account are central office switching and
21 transmission equipment, for which the company has definite,
22 near term plans. "Telecommunications plant under construction

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3
Donald P. Cawley

1 -- short term" represents non-revenue producing, non-expense
2 reducing plant additions which will be completed shortly after
3 the conclusion of 1993 and which will improve the quality and
4 reliability of telephone service. AFUDC is not accumulated on
5 the short-term CWIP account balances.

6 Deducted from rate base are accumulated deferred income
7 taxes and customer deposits. The company has no customer
8 advances or contributions in aid of construction.

9 The company's average intrastate rate base for ratemaking
10 purposes equals \$162,070,637. Ex. DPC-2.

11 **Q BASED UPON THE 1993 TEST YEAR DATA, WHAT ARE THE COMPANY'S**
12 **EARNINGS LEVEL?**

13 **A** Net intrastate operating loss is \$2,577,149. Ex. DPC-6. As
14 a percentage applied to rate base, this equates to a negative
15 return on property of 1.59% and, utilizing Mr. Hanley's
16 capital structure, yields a return on equity of negative
17 7.96%.

18 **Q HOW DOES THE COMPANY'S 1993 ACTUAL RETURN COMPARE TO THE**
19 **ALLOWABLE RETURN TESTIFIED TO BY MR. HANLEY?**

20 **A** The company is not recovering its full cost of providing
21 intrastate service. Were the company to achieve its allowable

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3
Donald P. Cawley

1 intrastate return in today's financial marketplace, intrastate
2 earnings must be increased by \$19,513,531. See, Exh. DPC-7.

3 In summary, based upon our analysis, the company's
4 intrastate earnings are inadequate.

5 Q DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

6 A Yes, thank you.

COMMONWEALTH TELEPHONE COMPANY
INTRASTATE AVERAGE RATE BASE
For the Historical Test Year Ended December 31, 1992

	12 Months Ended <u>12/31/92</u>	12 Months Ended <u>12/31/91</u>	<u>Average</u>
Original cost of telecommunications plant in service	274,606,960	271,549,379	273,078,170
Property held for future telecommunications use	403,858	101,579	252,719
Telecommunications plant under construction- short term	4,724,303	3,788,470	4,256,386
	<hr/> 279,735,121	<hr/> 275,439,428	<hr/> 277,587,274
Deductions:			
Accumulated Depreciation	100,687,902	106,759,043	103,723,473
Customer Deposits	237,365	187,844	212,605
Contributions in Aid of Construction	0	2,367	1,184
Customers' Advances for Construction	0	0	0
Accumulated Deferred Operating Income Taxes	34,610,262	32,201,489	33,405,875
Total Deductions	<hr/> 135,535,530	<hr/> 139,150,744	<hr/> 137,343,137
Net Investment	144,199,591	136,288,684	140,244,138
Material and Supplies	1,548,476	825,492	1,186,984
Cash Working Capital	4,058,000	4,058,000	4,058,000
Rural Telephone Bank Class B Stock	5,827,324	5,712,968	5,770,146
Intrastate Rate Base - Normalized	<hr/> 155,633,392	<hr/> 146,885,145	<hr/> 151,259,268
	=====	=====	=====
Rate of Return			1.90%
			=====

COMMONWEALTH TELEPHONE COMPANY
 INTRASTATE AVERAGE RATE BASE
 For the Test Year Ended December 31, 1993

	12 Months Ended <u>12/31/93</u>	12 Months Ended <u>12/31/92</u>	Average
Original cost of telecommunications plant in service	299,908,333	274,606,960	287,257,647
Property held for future telecommunications use	403,858	403,858	403,858
Telecommunications plant under construction- short term	4,808,323	4,724,303	4,766,313
	<u>305,120,514</u>	<u>279,735,121</u>	<u>292,427,818</u>
Deductions:			
Accumulated Depreciation	111,877,906	100,687,902	106,282,904
Customer Deposits	241,590	237,365	239,478
Contributions in Aid of Construction	0	0	0
Customers' Advances for Construction	0	0	0
Accumulated Deferred Operating Income Taxes	35,666,213	34,610,262	35,138,238
Total Deductions	<u>147,785,709</u>	<u>135,535,530</u>	<u>141,660,619</u>
Net Investment	157,334,805	144,199,591	150,767,198
Material and Supplies	1,184,115	1,548,476	1,366,296
Cash Working Capital	4,058,000	4,058,000	4,058,000
Rural Telephone Bank Class B Stock	5,930,962	5,827,324	5,879,143
Intrastate Rate Base - Normalized	<u>168,507,882</u>	<u>155,633,392</u>	<u>162,070,637</u>
Rate of Return			<u>-1.59%</u>

COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSE

<u>PLANT SPECIFIC</u>		1992	Normalized	Revised
Payroll		Intrastate	Adjustments	1992 Intrastate
6112	Motor Vehicle	150,808	0	150,808
6113	Aircraft	0	0	0
6114	Special Purpose Vehicle	0	0	0
6115	Garage Work Equipment	0	0	0
6116	Other Work Equipment	33,158	0	33,158
6121	Land and Building	105,173	0	105,173
6122	Furniture and Artwork	0	0	0
6123	Office Equipment	39,230	0	39,230
6124	General Purpose Equipment	0	0	0
6211	Analog Electronic	13,003	0	13,003
6212	Digital Electronic	991,176	0	991,176
62151	Step by Step Switching	144,702	0	144,702
62152	Crossbar Switching	23,335	0	23,335
62153	Other Electromechanical	0	0	0
6220	Operator Systems	0	0	0
6231	Radio Systems	5,329	0	5,329
6232	Circuit Equipment	104,820	0	104,820
6299	Central Office Supply	0	0	0
6311	Station Apparatus	0	0	0
6341	Large Private Branch Exchange	0	0	0
6351	Public Telephone Terminal Equi	155,552	0	155,552
6362	Other Terminal Equipment	149,640	0	149,640
6411	Pole	108,938	0	108,938
6421	Aerial Cable	1,924,600	0	1,924,600
6422	Underground Cable	4,451	0	4,451
6423	Buried Cable	569,441	0	569,441
6426	Intrabuilding Network Cable	351	0	351
6431	Aerial Wire	38,525	0	38,525
6441	Conduit Systems	202	0	202
Subtotal Payroll		<u>4,562,434</u>	<u>0</u>	<u>4,562,434</u>
Benefits				
6112	Motor Vehicle	36,144	0	36,144
6113	Aircraft	0	0	0
6114	Special Purpose Vehicle	0	0	0
6115	Garage Work Equipment	0	0	0
6116	Other Work Equipment	7,883	0	7,883
6121	Land and Building	29,893	0	29,893
6122	Furniture and Artwork	0	0	0
6123	Office Equipment	9,603	0	9,603
6124	General Purpose Equipment	0	0	0
6211	Analog Electronic	3,255	0	3,255
6212	Digital Electronic	241,426	0	241,426
62151	Step by Step Switching	34,894	0	34,894
62152	Crossbar Switching	5,708	0	5,708
62153	Other Electromechanical	0	0	0
6220	Operator Systems	0	0	0
6231	Radio Systems	1,194	0	1,194
6232	Circuit Equipment	25,172	0	25,172
6299	Central Office Supply	0	0	0
6311	Station Apparatus	0	0	0
6341	Large Private Branch Exchange	0	0	0
6351	Public Telephone Terminal Equi	37,913	0	37,913
6362	Other Terminal Equipment	36,374	0	36,374
6411	Pole	25,202	0	25,202
6421	Aerial Cable	475,580	0	475,580
6422	Underground Cable	1,063	0	1,063
6423	Buried Cable	129,259	0	129,259
6426	Intrabuilding Network Cable	80	0	80
6431	Aerial Wire	9,264	0	9,264
6441	Conduit Systems	47	0	47
Subtotal Benefits		<u>1,109,954</u>	<u>0</u>	<u>1,109,954</u>

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COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSE

PLANT SPECIFIC	1992 Intrastate	Normalized Adjustments	Revised 1992 Intrastate
Rents			
6112 Motor Vehicle	0	0	0
6113 Aircraft	0	0	0
6114 Special Purpose Vehicle	0	0	0
6115 Garage Work Equipment	0	0	0
6116 Other Work Equipment	1,738	0	1,738
6121 Land and Building	144,190	0	144,190
6122 Furniture and Artwork	47	0	47
6123 Office Equipment	45,560	0	45,560
6124 General Purpose Equipment	958,146	0	958,146
6211 Analog Electronic	0	0	0
6212 Digital Electronic	0	0	0
62151 Step by Step Switching	0	0	0
62152 Crossbar Switching	0	0	0
62153 Other Electromechanical	0	0	0
6220 Operator Systems	0	0	0
6231 Radio Systems	0	0	0
6232 Circuit Equipment	0	0	0
6299 Central Office Supply	0	0	0
6311 Station Apparatus	0	0	0
6341 Large Private Branch Exchange	0	0	0
6351 Public Telephone Terminal Equi	0	0	0
6362 Other Terminal Equipment	0	0	0
6411 Pole	1,333,667	0	1,333,667
6421 Aerial Cable	0	0	0
6422 Underground Cable	0	0	0
6423 Buried Cable	0	0	0
6426 Intra-building Network Cable	0	0	0
6431 Aerial Wire	0	0	0
6441 Conduit Systems	0	0	0
Subtotal Rents	<u>2,483,348</u>	<u>0</u>	<u>2,483,348</u>
Other			
6112 Motor Vehicle	215,810	0	215,810
6113 Aircraft	728,165	0	728,165
6114 Special Purpose Vehicle	0	0	0
6115 Garage Work Equipment	3,540	0	3,540
6116 Other Work Equipment	208,579	0	208,579
6121 Land and Building	1,252,623	0	1,252,623
6122 Furniture and Artwork	14,046	0	14,046
6123 Office Equipment	114,455	0	114,455
6124 General Purpose Equipment	34,529	0	34,529
6211 Analog Electronic	1,221	0	1,221
6212 Digital Electronic	864,231	0	864,231
62151 Step by Step Switching	9,763	0	9,763
62152 Crossbar Switching	2,556	0	2,556
62153 Other Electromechanical	106	0	106
6220 Operator Systems	0	0	0
6231 Radio Systems	1,502	0	1,502
6232 Circuit Equipment	77,417	0	77,417
6299 Central Office Supply	0	0	0
6311 Station Apparatus	0	0	0
6341 Large Private Branch Exchange	0	0	0
6351 Public Telephone Terminal Equi	60,774	0	60,774
6362 Other Terminal Equipment	19,491	0	19,491
6411 Pole	404,258	0	404,258
6421 Aerial Cable	685,064	0	685,064
6422 Underground Cable	10,006	0	10,006
6423 Buried Cable	265,766	0	265,766
6426 Intra-building Network Cable	71	0	71
6431 Aerial Wire	12,184	0	12,184
6441 Conduit Systems	7,664	0	7,664
Subtotal Other	<u>4,993,821</u>	<u>0</u>	<u>4,993,821</u>

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COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSEDPC-3
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<u>PLANT SPECIFIC</u>	1992	Normalized	Revised
Total	<u>Intrastate</u>	<u>Adjustments</u>	1992
			<u>Intrastate</u>
6112 Motor Vehicle	402,762	0	402,762
6113 Aircraft	728,165	0	728,165
6114 Special Purpose Vehicle	0	0	0
6115 Garage Work Equipment	3,540	0	3,540
6116 Other Work Equipment	251,358	0	251,358
6121 Land and Building	1,531,879	0	1,531,879
6122 Furniture and Artwork	14,093	0	14,093
6123 Office Equipment	208,848	0	208,848
6124 General Purpose Equipment	992,675	0	992,675
6211 Analog Electronic	17,479	0	17,479
6212 Digital Electronic	2,096,833	0	2,096,833
62151 Step by Step Switching	189,359	0	189,359
62152 Crossbar Switching	31,599	0	31,599
62153 Other Electromechanical	106	0	106
6220 Operator Systems	0	0	0
6231 Radio Systems	8,025	0	8,025
6232 Circuit Equipment	207,409	0	207,409
6299 Central Office Supply	0	0	0
6311 Station Apparatus	0	0	0
6341 Large Private Branch Exchange	0	0	0
6351 Public Telephone Terminal Equi	254,239	0	254,239
6362 Other Terminal Equipment	205,505	0	205,505
6411 Pole	1,872,065	0	1,872,065
6421 Aerial Cable	3,085,244	0	3,085,244
6422 Underground Cable	15,520	0	15,520
6423 Buried Cable	964,466	0	964,466
6426 Intra-building Network Cable	502	0	502
6431 Aerial Wire	59,973	0	59,973
6441 Conduit Systems	7,913	0	7,913
GRAND TOTAL	<u>13,149,557</u>	0	<u>13,149,557</u>

COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSE

		1992	Normalized	Revised
		Intrastate	Adjustments	1992
				Intrastate
PLANT NONSPECIFIC				
Payroll				
6511	Property Held for Future Use	0	0	0
6512	Provisioning	0	0	0
6531	Power	93	0	93
6532	Network Administration	563,659	0	563,659
6533	Testing	837,308	0	837,308
6534	Plant Operations Administration	901,258	0	901,258
6535	Engineering	374,429	0	374,429
6540	Access	0	0	0
	Subtotal Payroll	<u>2,676,747</u>	<u>0</u>	<u>2,676,747</u>
Benefits				
6511	Property Held for Future Use	0	0	0
6512	Provisioning	0	0	0
6531	Power	0	0	0
6532	Network Administration	129,130	0	129,130
6533	Testing	210,460	0	210,460
6534	Plant Operations Administration	221,842	0	221,842
6535	Engineering	91,170	0	91,170
6540	Access	0	0	0
	Subtotal Benefits	<u>652,602</u>	<u>0</u>	<u>652,602</u>
Other				
6511	Property Held for Future Use	0	0	0
6512	Provisioning	0	0	0
6531	Power	626,084	0	626,084
6532	Network Administration	196,597	0	196,597
6533	Testing	59,128	0	59,128
6534	Plant Operations Administration	282,443	0	282,443
6535	Engineering	1,113,078	0	1,113,078
6540	Access	<u>7,215,221</u>	<u>0</u>	<u>7,215,221</u>
	Subtotal Other	<u>9,492,551</u>	<u>0</u>	<u>9,492,551</u>
Total				
6511	Property Held for Future Use	0	0	0
6512	Provisioning	0	0	0
6531	Power	626,177	0	626,177
6532	Network Administration	889,386	0	889,386
6533	Testing	1,106,896	0	1,106,896
6534	Plant Operations Administration	1,405,543	0	1,405,543
6535	Engineering	1,578,677	0	1,578,677
6540	Access	<u>7,215,221</u>	<u>0</u>	<u>7,215,221</u>
	GRAND TOTAL	<u>12,821,900</u>	<u>0</u>	<u>12,821,900</u>

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COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSE

<u>CUSTOMER</u>	1992 <u>Intrastate</u>	Normalized <u>Adjustments</u>	Revised 1992 <u>Intrastate</u>
Payroll			
6611 Product Management	122,005	0	122,005
6612 Sales	32,781	0	32,781
6613 Product Advertising	0	0	0
6621 Call Completion Services	0	0	0
6622 Number Services	0	0	0
6623 Customer Services	<u>1,348,194</u>	<u>0</u>	<u>1,348,194</u>
Subtotal Payroll	<u>1,502,980</u>	<u>0</u>	<u>1,502,980</u>
Benefits			
6611 Product Management	23,150	0	23,150
6612 Sales	5,848	0	5,848
6613 Product Advertising	0	0	0
6621 Call Completion Services	0	0	0
6622 Number Services	0	0	0
6623 Customer Services	<u>346,148</u>	<u>0</u>	<u>346,148</u>
Subtotal Benefits	<u>375,146</u>	<u>0</u>	<u>375,146</u>
Other			
6611 Product Management	21,374	0	21,374
6612 Sales	10,642	0	10,642
6613 Product Advertising	114,656	0	114,656
6621 Call Completion Services	802,071	0	802,071
6622 Number Services	368,777	0	368,777
6623 Customer Services	<u>1,045,494</u>	<u>0</u>	<u>1,045,494</u>
Subtotal Other	<u>2,363,014</u>	<u>0</u>	<u>2,363,014</u>
Total			
6611 Product Management	166,529	0	166,529
6612 Sales	49,271	0	49,271
6613 Product Advertising	114,656	0	114,656
6621 Call Completion Services	802,071	0	802,071
6622 Number Services	368,777	0	368,777
6623 Customer Services	<u>2,739,836</u>	<u>0</u>	<u>2,739,836</u>
GRAND TOTAL	<u>4,241,140</u>	<u>0</u>	<u>4,241,140</u>

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COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSE

		1992	Normalized	Revised
		Intrastate	Adjustments	1992
<u>CORPORATE</u>				Intrastate
Payroll				
6711	Executive	246,892	0	246,892
6712	Planning	0	0	0
6721	Accounting and Finance	1,206,489	0	1,206,489
6722	External Relations	266,669	0	266,669
6723	Human Resources	64,399	0	64,399
6724	Information Management	47,769	0	47,769
6725	Legal	0	0	0
6726	Procurement	54,282	0	54,282
6727	Research and Development	0	0	0
6728	Other G&A	414,020	0	414,020
Subtotal Payroll		<u>2,300,520</u>	<u>0</u>	<u>2,300,520</u>
Benefits				
6711	Executive	39,781	0	39,781
6712	Planning	0	0	0
6721	Accounting and Finance	286,467	0	286,467
6722	External Relations	57,843	0	57,843
6723	Human Resources	13,453	0	13,453
6724	Information Management	11,141	0	11,141
6725	Legal	0	0	0
6726	Procurement	14,546	0	14,546
6727	Research and Development	0	0	0
6728	Other G&A	106,228	(291,171)	(184,943)
Subtotal Benefits		<u>529,459</u>	<u>(291,171)</u>	<u>238,288</u>
Other				
6711	Executive	6,055,934	0	6,055,934
6712	Planning	639	0	639
6721	Accounting and Finance	990,693	0	990,693
6722	External Relations	485,037	0	485,037
6723	Human Resources	1,202,147	0	1,202,147
6724	Information Management	2,867,712	0	2,867,712
6725	Legal	311,062	0	311,062
6726	Procurement	4,298	0	4,298
6727	Research and Development	0	0	0
6728	Other G&A	1,072,179	0	1,072,179
Subtotal Other		<u>12,989,701</u>	<u>0</u>	<u>12,989,701</u>
Total				
6711	Executive	6,342,607	0	6,342,607
6712	Planning	639	0	639
6721	Accounting and Finance	2,483,649	0	2,483,649
6722	External Relations	809,549	0	809,549
6723	Human Resources	1,279,999	0	1,279,999
6724	Information Management	2,926,622	0	2,926,622
6725	Legal	311,062	0	311,062
6726	Procurement	73,126	0	73,126
6727	Research and Development	0	0	0
6728	Other G&A	1,592,427	(291,171)	1,301,256
GRAND TOTAL		<u>15,819,680</u>	<u>(291,171)</u>	<u>15,528,509</u>

PLANT SPECIFIC		Revised 1992	Known			Salary/ Benefit	Test Year
		Intrastate	Changes	Inflation	Other	Increase	Intrastate
Payroll							
6112	Motor Vehicle	150,808	0	0	(66,875)	7,634	91,567
6113	Aircraft	0	0	0	0	0	0
6114	Special Purpose Vehicle	0	0	0	0	0	0
6115	Garage Work Equipment	0	0	0	0	0	0
6116	Other Work Equipment	33,158	0	0	10,514	1,679	45,351
6121	Land and Building	105,173	0	0	(6,844)	5,324	103,653
6122	Furniture and Artwork	0	0	0	0	0	0
6123	Office Equipment	39,230	0	0	78,885	1,986	120,101
6124	General Purpose Equipment	0	0	0	0	0	0
6211	Analog Electronic	13,003	0	0	30,581	666	44,250
6212	Digital Electronic	991,176	0	0	(212,070)	50,776	829,882
62151	Step by Step Switching	144,702	0	0	6,891	7,413	159,006
62152	Crossbar Switching	23,335	0	0	(188)	1,196	24,343
62153	Other Electromechanical	0	0	0	0	0	0
6220	Operator Systems	0	0	0	0	0	0
6231	Radio Systems	5,329	0	0	(3,287)	273	2,315
6232	Circuit Equipment	104,820	0	0	17,604	5,370	127,794
6299	Central Office Supply	0	0	0	0	0	0
6311	Station Apparatus	0	0	0	0	0	0
6341	Large Private Branch Exchange	0	0	0	0	0	0
6351	Public Telephone Terminal Equi	155,552	0	0	5,853	7,871	169,276
6362	Other Terminal Equipment	149,640	0	0	27,737	7,572	184,949
6411	Pole	108,938	0	0	(39,619)	5,505	74,824
6421	Aerial Cable	1,924,600	0	0	(175,681)	97,260	1,846,179
6422	Underground Cable	4,451	0	0	6,883	225	11,559
6423	Buried Cable	569,441	0	0	58,632	28,776	656,849
6426	Intrabuilding Network Cable	351	0	0	(369)	18	0
6431	Aerial Wire	38,525	0	0	11,793	1,947	52,265
6441	Conduit Systems	202	0	0	(212)	10	0
Subtotal Payroll		<u>4,562,434</u>	<u>0</u>	<u>0</u>	<u>(249,772)</u>	<u>231,501</u>	<u>4,544,163</u>
Benefits							
6112	Motor Vehicle	36,144	0	0	(12,213)	(4,209)	19,722
6113	Aircraft	0	0	0	0	0	0
6114	Special Purpose Vehicle	0	0	0	0	0	0
6115	Garage Work Equipment	0	0	0	0	0	0
6116	Other Work Equipment	7,883	0	0	2,711	(918)	9,676
6121	Land and Building	29,893	0	0	(3,210)	(3,481)	23,202
6122	Furniture and Artwork	0	0	0	0	0	0
6123	Office Equipment	9,603	0	0	16,778	(1,118)	25,263
6124	General Purpose Equipment	0	0	0	0	0	0
6211	Analog Electronic	3,255	0	0	6,376	(383)	9,248
6212	Digital Electronic	241,428	0	0	(45,595)	(28,446)	167,385
62151	Step by Step Switching	34,894	0	0	1,384	(4,112)	32,166
62152	Crossbar Switching	5,708	0	0	(147)	(673)	4,888
62153	Other Electromechanical	0	0	0	0	0	0
6220	Operator Systems	0	0	0	0	0	0
6231	Radio Systems	1,194	0	0	(587)	(141)	466
6232	Circuit Equipment	25,172	0	0	3,588	(2,966)	25,794
6299	Central Office Supply	0	0	0	0	0	0
6311	Station Apparatus	0	0	0	0	0	0
6341	Large Private Branch Exchange	0	0	0	0	0	0
6351	Public Telephone Terminal Equi	37,913	0	0	1,651	(4,412)	35,152
6362	Other Terminal Equipment	36,374	0	0	5,973	(4,233)	38,114
6411	Pole	25,202	0	0	(6,622)	(2,930)	15,650
6421	Aerial Cable	475,580	0	0	(44,129)	(55,277)	376,174
6422	Underground Cable	1,063	0	0	1,385	(124)	2,324
6423	Buried Cable	129,259	0	0	18,805	(15,024)	133,040
6426	Intrabuilding Network Cable	80	0	0	(71)	(9)	0
6431	Aerial Wire	9,264	0	0	2,624	(1,077)	10,811
6441	Conduit Systems	47	0	0	(42)	(5)	0
Subtotal Benefits		<u>1,109,954</u>	<u>0</u>	<u>0</u>	<u>(51,341)</u>	<u>(129,538)</u>	<u>929,075</u>

COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSE

PLANT SPECIFIC	Revised	Known	Inflation	Other	Salary/ Benefit	Test Year
	1992					
Rents						
6112 Motor Vehicle	0	0	0	0	0	0
6113 Aircraft	0	0	0	0	0	0
6114 Special Purpose Vehicle	0	0	0	0	0	0
6115 Garage Work Equipment	0	0	0	0	0	0
6116 Other Work Equipment	1,738	0	58	(1,794)	0	0
6121 Land and Building	144,190	194,014	10,880	(7,884)	0	341,400
6122 Furniture and Artwork	47	0	2	(49)	0	0
6123 Office Equipment	45,580	0	1,478	(1,072)	0	45,984
6124 General Purpose Equipment	958,148	0	31,043	(22,995)	0	966,194
6211 Analog Electronic	0	0	0	0	0	0
6212 Digital Electronic	0	0	0	0	0	0
62151 Step by Step Switching	0	0	0	0	0	0
62152 Crossbar Switching	0	0	0	0	0	0
62153 Other Electromechanical	0	0	0	0	0	0
6220 Operator Systems	0	0	0	0	0	0
6231 Radio Systems	0	0	0	0	0	0
6232 Circuit Equipment	0	0	0	0	0	0
6299 Central Office Supply	0	0	0	0	0	0
6311 Station Apparatus	0	0	0	0	0	0
6341 Large Private Branch Exchange	0	0	0	0	0	0
6351 Public Telephone Terminal Equi	0	0	0	0	0	0
6362 Other Terminal Equipment	0	0	0	0	0	0
6411 Pole	1,333,667	0	43,134	194,056	0	1,570,857
6421 Aerial Cable	0	0	0	0	0	0
6422 Underground Cable	0	0	0	0	0	0
6423 Buried Cable	0	0	0	0	0	0
6426 Intra-building Network Cable	0	0	0	0	0	0
6431 Aerial Wire	0	0	0	0	0	0
6441 Conduit Systems	0	0	0	0	0	0
Subtotal Rents	<u>2,483,348</u>	<u>194,014</u>	<u>86,591</u>	<u>160,462</u>	<u>0</u>	<u>2,924,415</u>
Other						
6112 Motor Vehicle	215,810	0	6,992	(61,664)	0	161,138
6113 Aircraft	728,165	0	23,592	(75,542)	0	676,215
6114 Special Purpose Vehicle	0	0	0	0	0	0
6115 Garage Work Equipment	3,540	0	115	1,842	0	5,297
6116 Other Work Equipment	208,579	0	6,757	(13,866)	0	201,470
6121 Land and Building	1,252,623	0	40,584	(41,442)	0	1,251,765
6122 Furniture and Artwork	14,048	0	455	(9,963)	0	4,538
6123 Office Equipment	114,455	0	3,708	(3,500)	0	114,663
6124 General Purpose Equipment	34,529	0	1,119	(3,843)	0	31,805
6211 Analog Electronic	1,221	0	40	3,373	0	4,634
6212 Digital Electronic	864,231	2,094,561	0	570,189	0	3,528,981
62151 Step by Step Switching	9,763	0	320	5,715	0	15,798
62152 Crossbar Switching	2,556	0	84	271	0	2,911
62153 Other Electromechanical	106	0	3	(14)	0	95
6220 Operator Systems	0	0	0	0	0	0
6231 Radio Systems	1,502	0	49	(1,108)	0	443
6232 Circuit Equipment	77,417	0	2,538	(25,357)	0	54,598
6299 Central Office Supply	0	0	0	0	0	0
6311 Station Apparatus	0	0	0	0	0	0
6341 Large Private Branch Exchange	0	0	0	0	0	0
6351 Public Telephone Terminal Equi	60,774	0	1,968	8,604	0	71,346
6362 Other Terminal Equipment	19,491	0	632	(7,017)	0	13,106
6411 Pole	404,258	0	13,075	192,451	0	609,784
6421 Aerial Cable	885,064	0	22,157	144,512	0	851,733
6422 Underground Cable	10,006	0	324	3,339	0	13,669
6423 Buried Cable	265,766	0	8,595	(116,124)	0	158,237
6426 Intra-building Network Cable	71	0	2	(73)	0	0
6431 Aerial Wire	12,184	0	394	(6,672)	0	5,906
6441 Conduit Systems	7,664	0	248	(7,912)	0	0
Subtotal Other	<u>4,993,821</u>	<u>2,094,561</u>	<u>133,751</u>	<u>555,999</u>	<u>0</u>	<u>7,778,132</u>

COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSE

<u>PLANT SPECIFIC</u>		<u>Revised</u> <u>1992</u>	<u>Known</u>	<u>Inflation</u>	<u>Other</u>	<u>Salary/</u> <u>Benefit</u>	<u>Test</u> <u>Year</u>
<u>Total</u>		<u>Intrastate</u>	<u>Changes</u>			<u>Increase</u>	<u>Intrastate</u>
6112	Motor Vehicle	402,762	0	6,992	(140,752)	3,425	272,427
6113	Aircraft	728,165	0	23,592	(75,542)	0	676,215
6114	Special Purpose Vehicle	0	0	0	0	0	0
6115	Garage Work Equipment	3,540	0	115	1,642	0	5,297
6116	Other Work Equipment	251,358	0	6,813	(2,435)	761	256,497
6121	Land and Building	1,531,879	194,014	51,464	(59,180)	1,843	1,720,020
6122	Furniture and Artwork	14,093	0	457	(10,012)	0	4,538
6123	Office Equipment	208,848	0	5,184	91,091	868	305,991
6124	General Purpose Equipment	992,675	0	32,162	(26,838)	0	997,999
6211	Analog Electronic	17,479	0	40	40,330	283	58,132
6212	Digital Electronic	2,096,833	2,094,581	0	312,524	22,330	4,526,248
62151	Step by Step Switching	189,359	0	320	13,990	3,301	206,970
62152	Crossbar Switching	31,599	0	84	(64)	523	32,142
62153	Other Electromechanical	106	0	3	(14)	0	95
6220	Operator Systems	0	0	0	0	0	0
6231	Radio Systems	8,025	0	49	(4,982)	132	3,224
6232	Circuit Equipment	207,409	0	2,538	(4,165)	2,404	208,166
6299	Central Office Supply	0	0	0	0	0	0
6311	Station Apparatus	0	0	0	0	0	0
6341	Large Private Branch Exchange	0	0	0	0	0	0
6351	Public Telephone Terminal Equi	254,239	0	1,968	16,108	3,459	275,774
6362	Other Terminal Equipment	205,505	0	632	26,693	3,339	236,169
6411	Pole	1,872,065	0	56,209	340,266	2,575	2,271,115
6421	Aerial Cable	3,085,244	0	22,157	(75,298)	41,983	3,074,086
6422	Underground Cable	15,520	0	324	11,607	101	27,552
6423	Buried Cable	964,466	0	8,595	(38,687)	13,752	948,126
6426	Intrabuilding Network Cable	502	0	2	(513)	9	0
6431	Aerial Wire	59,973	0	394	7,745	870	68,982
6441	Conduit Systems	7,913	0	248	(8,166)	5	0
GRAND TOTAL		<u>13,149,557</u>	<u>2,288,575</u>	<u>220,342</u>	<u>415,348</u>	<u>101,963</u>	<u>16,175,785</u>

COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSE

		Revised 1992	Known			Salary/ Benefit	Test Year
<u>PLANT NONSPECIFIC</u>		<u>Intrastate</u>	<u>Changes</u>	<u>Inflation</u>	<u>Other</u>	<u>Increase</u>	<u>Intrastate</u>
Payroll							
6511	Property Held for Future Use	0	0	0	0	0	0
6512	Provisioning	0	0	0	0	0	0
6531	Power	93	0	0	(98)	5	0
6532	Network Administration	583,659	0	0	147,983	28,711	740,353
6533	Testing	837,308	0	0	359,864	42,650	1,239,822
6534	Plant Operations Administration	901,258	0	0	(4,326)	45,907	942,839
6535	Engineering	374,429	0	0	(31,019)	19,072	362,482
6540	Access	0	0	0	0	0	0
Subtotal Payroll		<u>2,676,747</u>	<u>0</u>	<u>0</u>	<u>472,404</u>	<u>136,345</u>	<u>3,285,496</u>
Benefits							
6511	Property Held for Future Use	0	0	0	0	0	0
6512	Provisioning	0	0	0	0	0	0
6531	Power	0	0	0	0	0	0
6532	Network Administration	129,130	0	0	49,712	(15,128)	163,714
6533	Testing	210,460	0	0	84,436	(24,656)	270,240
6534	Plant Operations Administration	221,842	0	0	15,936	(25,989)	211,789
6535	Engineering	91,170	0	0	218	(10,681)	80,707
6540	Access	0	0	0	0	0	0
Subtotal Benefits		<u>652,602</u>	<u>0</u>	<u>0</u>	<u>150,302</u>	<u>(76,454)</u>	<u>726,450</u>
Other							
6511	Property Held for Future Use	0	0	0	0	0	0
6512	Provisioning	0	0	0	0	0	0
6531	Power	626,084	0	20,410	(1,263)	0	645,231
6532	Network Administration	196,597	362,587	18,012	40,439	0	617,635
6533	Testing	59,128	0	1,928	106,312	0	167,368
6534	Plant Operations Administration	282,443	0	9,208	(55,526)	0	236,125
6535	Engineering	1,113,078	0	36,285	72,052	0	1,221,415
6540	Access	<u>7,215,221</u>	<u>0</u>	<u>230,886</u>	<u>65,676</u>	<u>0</u>	<u>7,511,783</u>
Subtotal Other		<u>9,492,551</u>	<u>362,587</u>	<u>316,729</u>	<u>227,690</u>	<u>0</u>	<u>10,399,557</u>
Total							
6511	Property Held for Future Use	0	0	0	0	0	0
6512	Provisioning	0	0	0	0	0	0
6531	Power	626,177	0	20,410	(1,361)	5	645,231
6532	Network Administration	889,386	362,587	18,012	238,134	13,583	1,521,702
6533	Testing	1,106,896	0	1,928	550,612	17,994	1,677,430
6534	Plant Operations Administration	1,405,543	0	9,208	(43,916)	19,918	1,390,753
6535	Engineering	1,578,677	0	36,285	41,251	8,391	1,664,604
6540	Access	<u>7,215,221</u>	<u>0</u>	<u>230,886</u>	<u>65,676</u>	<u>0</u>	<u>7,511,783</u>
GRAND TOTAL		<u>12,821,900</u>	<u>362,587</u>	<u>316,729</u>	<u>850,396</u>	<u>59,891</u>	<u>14,411,503</u>

29-Apr-93

COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSE

CUSTOMER		Revised 1992	Known Changes	Inflation	Other	Salary/ Benefit Increase	Test Year Intrastate
		Intrastate					
Payroll							
6611	Product Management	122,005	0	0	3,556	6,100	131,661
6612	Sales	32,781	0	0	30	1,639	34,450
6613	Product Advertising	0	0	0	0	0	0
6621	Call Completion Services	0	0	0	0	0	0
6622	Number Services	0	0	0	0	0	0
6623	Customer Services	<u>1,348,194</u>	<u>0</u>	<u>0</u>	<u>44,468</u>	<u>67,409</u>	<u>1,460,071</u>
Subtotal Payroll		<u>1,502,980</u>	<u>0</u>	<u>0</u>	<u>48,054</u>	<u>75,148</u>	<u>1,626,182</u>
Benefits							
6611	Product Management	23,150	0	0	8,172	(2,662)	28,660
6612	Sales	5,848	0	0	1,789	(672)	6,965
6613	Product Advertising	0	0	0	0	0	0
6621	Call Completion Services	0	0	0	0	0	0
6622	Number Services	0	0	0	0	0	0
6623	Customer Services	<u>346,148</u>	<u>0</u>	<u>0</u>	<u>16,640</u>	<u>(39,807)</u>	<u>322,981</u>
Subtotal Benefits		<u>375,146</u>	<u>0</u>	<u>0</u>	<u>26,601</u>	<u>(43,141)</u>	<u>358,606</u>
Other							
6611	Product Management	21,374	0	684	5,015	0	27,073
6612	Sales	10,642	0	341	(2,330)	0	8,653
6613	Product Advertising	114,656	0	3,669	132,151	0	250,476
6621	Call Completion Services	802,071	0	25,667	18,153	0	845,891
6622	Number Services	368,777	0	11,801	19,226	0	399,804
6623	Customer Services	<u>1,045,494</u>	<u>0</u>	<u>33,456</u>	<u>3,792</u>	<u>0</u>	<u>1,082,742</u>
Subtotal Other		<u>2,363,014</u>	<u>0</u>	<u>75,618</u>	<u>176,007</u>	<u>0</u>	<u>2,614,639</u>
Total							
6611	Product Management	166,529	0	684	16,743	3,438	187,394
6612	Sales	49,271	0	341	(511)	967	50,068
6613	Product Advertising	114,656	0	3,669	132,151	0	250,476
6621	Call Completion Services	802,071	0	25,667	18,153	0	845,891
6622	Number Services	368,777	0	11,801	19,226	0	399,804
6623	Customer Services	<u>2,739,836</u>	<u>0</u>	<u>33,456</u>	<u>64,900</u>	<u>27,602</u>	<u>2,865,794</u>
GRAND TOTAL		<u>4,241,140</u>	<u>0</u>	<u>75,618</u>	<u>250,662</u>	<u>32,007</u>	<u>4,599,427</u>

29-Apr-93

COMMONWEALTH TELEPHONE COMPANY
INTRASTATE EXPENSE

		Revised 1992	Known			Salary/ Benefit	Test Year
		Intrastate	Changes	Inflation	Other	Increase	Intrastate
CORPORATE							
Payroll							
6711	Executive	246,892	0	0	40,527	12,505	299,924
6712	Planning	0	0	0	0	0	0
6721	Accounting and Finance	1,206,489	0	0	(54,186)	61,109	1,213,412
6722	External Relations	288,669	0	0	19,952	13,507	300,128
6723	Human Resources	64,399	0	0	5,427	3,262	73,088
6724	Information Management	47,789	0	0	2,383	2,420	52,572
6725	Legal	0	0	0	0	0	0
6726	Procurement	54,282	0	0	4,863	2,749	61,894
6727	Research and Development	0	0	0	0	0	0
6728	Other G&A	414,020	0	0	(20,046)	20,970	414,944
Subtotal Payroll		2,300,520	0	0	(1,080)	116,522	2,415,962
Benefits							
6711	Executive	39,781	0	0	6,942	(4,634)	42,089
6712	Planning	0	0	0	0	0	0
6721	Accounting and Finance	288,467	0	0	24,182	(33,372)	277,277
6722	External Relations	57,843	0	0	16,037	(6,739)	67,141
6723	Human Resources	13,453	0	0	4,581	(1,567)	16,467
6724	Information Management	11,141	0	0	2,146	(1,298)	11,989
6725	Legal	0	0	0	0	0	0
6726	Procurement	14,546	0	0	1,419	(1,694)	14,271
6727	Research and Development	0	0	0	0	0	0
6728	Other G&A	(184,943)	0	0	161,849	0	(23,094)
Subtotal Benefits		238,288	0	0	217,156	(49,304)	406,140
Other							
6711	Executive	6,055,934	0	196,309	(2,193,182)	0	4,059,061
6712	Planning	639	0	21	124	0	784
6721	Accounting and Finance	990,693	0	32,114	66,130	0	1,088,937
6722	External Relations	485,037	0	15,723	(88,869)	0	411,891
6723	Human Resources	1,202,147	0	38,969	111,490	0	1,352,606
6724	Information Management	2,867,712	131,072	97,154	485,230	0	3,581,168
6725	Legal	311,062	0	10,084	23,630	0	344,776
6726	Procurement	4,298	0	139	65	0	4,502
6727	Research and Development	0	0	0	0	0	0
6728	Other G&A	1,072,179	0	34,756	126,159	0	1,233,094
Subtotal Other		12,989,701	131,072	425,269	(1,469,223)	0	12,076,819
Total							
6711	Executive	6,342,807	0	196,309	(2,145,713)	7,871	4,401,074
6712	Planning	639	0	21	124	0	784
6721	Accounting and Finance	2,483,649	0	32,114	36,126	27,737	2,579,626
6722	External Relations	809,549	0	15,723	(52,880)	6,768	779,160
6723	Human Resources	1,279,999	0	38,969	121,498	1,695	1,442,161
6724	Information Management	2,926,622	131,072	97,154	489,759	1,122	3,645,729
6725	Legal	311,062	0	10,084	23,630	0	344,776
6726	Procurement	73,126	0	139	6,347	1,055	80,667
6727	Research and Development	0	0	0	0	0	0
6728	Other G&A	1,301,256	0	34,756	267,962	20,970	1,624,944
GRAND TOTAL		15,528,509	131,072	425,269	(1,253,147)	67,218	14,898,921

COMMONWEALTH TELEPHONE COMPANY
INTRASTATE INCOME STATEMENT
For the Historical Test Year Ended December 31, 1992

<u>DESCRIPTION</u>	<u>Revised 12 Months Ended 12/31/92</u>
OPERATING REVENUES:	
Local Network Services Revenues	22,556,212
Network Access Services Revenues	24,172,207
Long Distance Network Services	24,726,633
Miscellaneous Revenues	2,384,834
Uncollectible Revenues	(608,291)
	73,231,595
OPERATING EXPENSES AND TAXES:	
Depreciation Expense	19,519,721
Extraordinary Retirement	13,377
Plant Specific Operations Expenses	13,149,557
Plant Non-Specific Operations Expenses	12,821,900
Customer Operations Expenses	4,241,140
Corporate Operations Expenses	15,528,509
	65,274,204
Investment Tax Credit, Net	(674,246)
State Income Tax	0
Other Operating Taxes	3,993,390
Federal Income Tax	0
Deferred Federal Income Tax, Net	1,070,833
Deferred State Income Tax, Net	621,325
	70,285,506
Other Operating Income/(Expense)	(66,546)
Net Intrastate Operating Income	2,879,543

COMMONWEALTH TELEPHONE COMPANY
INTRASTATE INCOME STATEMENT
For the Test Year Ended December 31, 1993

<u>DESCRIPTION</u>	<u>Revised 12 Months Ended 12/31/93</u>
OPERATING REVENUES:	
Local Network Services Revenues	23,250,000
Network Access Services Revenues	24,681,000
Long Distance Network Services	25,512,000
Miscellaneous Revenues	2,398,000
Uncollectible Revenues	(610,000)
	75,231,000
OPERATING EXPENSES AND TAXES:	
Depreciation Expense	21,220,460
Extraordinary Retirement	0
Plant Specific Operations Expenses	16,175,785
Plant Non-Specific Operations Expenses	14,411,503
Customer Operations Expenses	4,599,427
Corporate Operations Expenses	14,898,921
	71,306,096
Investment Tax Credit, Net	(547,659)
State Income Tax	0
Other Operating Taxes	4,197,482
Federal Income Tax	0
Deferred Federal Income Tax, Net	1,979,626
Deferred State Income Tax, Net	872,604
	77,808,149
Other Operating Income/(Expense)	0
Net Intrastate Operating Loss	(2,577,149)

COMMON HEALTH TELEPHONE COMPANY
NET INTRASTATE OPERATING INCOME DEFICIENCY

DPC-7

	<u>Amount</u>
Intrastate Average Rate Base For Test Year Ended 12/31/93	162,070,637
Required Earnings @ 10.45%	<u>16,936,382</u>
Projected Intrastate Operating Loss	<u>(2,577,149)</u>
Net Intrastate Operating Income Deficiency	<u><u>19,513,531</u></u>

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3-A

Ex-8

I-00920020

Mog jaw
7/2/93

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

DOCKET NO. I-00920020

COMMONWEALTH TELEPHONE COMPANY

SUPPLEMENTAL DIRECT TESTIMONY OF
DONALD P. CAWLEY
ON BEHALF OF
COMMONWEALTH TELEPHONE COMPANY

CONCERNING: ACCOUNTING ISSUES

**DOCUMENT
FOLDER**

RECEIVED
JUL 16 1993
INFO. CONTROL DIV.

DOCKETED
JUL 16 1993

Dated: May 21, 1993

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3-A
Supplemental Direct Testimony of Donald P. Cawley

1 Q ARE YOU THE SAME DONALD P. CAWLEY WHO PREVIOUSLY SUBMITTED
2 CTCO STATEMENT NO. 3?

3 A Yes, I am.

4 Q WHAT IS THE PURPOSE OF THIS SUPPLEMENTAL DIRECT TESTIMONY?

5 A To further explain the accounting adjustments included in
6 Exhibit DPC-4. Workpapers associated with changes of \$25,000
7 (positive or negative) in the "Other" column are attached as
8 DPC-8.

9 Q HAVE YOU CREATED OTHER DOCUMENTS WHICH WERE PRESENTED TO THE
10 PARTIES OUTSIDE OF THIS TESTIMONY?

11 A Yes. On May 19, 1993, we served total company schedules,
12 adjusted for the test year, in the same format as DPC-1
13 through DPC-4. Also presented was a separate break-out of
14 affiliated expenses, by affiliate, included in our future test
15 year accounts.

16 Q PLEASE DESCRIBE THE ADJUSTMENTS MADE ON DPC-4 TO PLANT-
17 SPECIFIC PAYROLL.

18 A The decrease of \$249,772 reflected under the column "Other" in
19 these subaccounts reflects two items.

20 The first adjustment represents additional payroll

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3-A
Supplemental Direct Testimony of Donald P. Cawley

1 amounts transferred to construction as a result of increased
2 construction projected for the future test year. In 1993,
3 CTCO has forecasted capital improvements of \$41 million,
4 whereas 1992 capital improvements were \$28 million. While the
5 payroll is not impacted on an equal percentage change basis
6 because of the mix of various labor groups and functions, the
7 amount of payroll capitalized will increase and, therefore,
8 the expense accounts must be reduced. I reviewed the labor
9 requirements of the capital budget and the impact on each work
10 group from a perspective of their job responsibilities. The
11 final total adjustment associated with this item is the
12 product of this review and my professional judgment. The
13 workpapers are voluminous and are computerized in detail form.
14 Summaries are not available under the program we use. I could
15 provide the detail, but it is voluminous and might be
16 confusing. I encourage the parties to discuss the calculation
17 of payroll and benefits adjustment with me directly.

18 The second reason for the decrease is the reorganization
19 of CTCO's Network Services and Network Support Services
20 Departments and the transfer of personnel from these accounts
21 to Plant Non-Specific Accounts associated with the shift in
22 job responsibilities. For example, positions associated with
23 central office switch technicians, performing a maintenance

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3-A
Supplemental Direct Testimony of Donald P. Cawley

1 function, are being eliminated as digital offices are
2 implemented. The greater number of digital office creates
3 administrative and testing responsibilities which are now
4 accounted for in Plant Non-Specific accounts.

5 The payroll was increased under the "Salary/Benefit"
6 column to reflect a projected 5% merit increase applied to the
7 1992 total company account and then separated to derive
8 intrastate only.

9 **Q PLEASE DESCRIBE THE ADJUSTMENTS TO PLANT-SPECIFIC BENEFITS.**

10 **A** The changes in the "Other" column are directly related to the
11 changes in payroll distribution. In other words, the benefit
12 adjustments are those of the same individual whose payroll is
13 being redistributed to capital or another expense account.
14 The only change to this principle is an adjustment to reflect
15 an increased 11.5% employee contribution to health benefits
16 instituted on January 1, 1993.

17 **Q PLEASE DESCRIBE THE ADJUSTMENTS TO PLANT-SPECIFIC RENTS.**

18 **A** Known change to land and buildings was previously described in
19 Statement No. 3.

20 The column entitled "Inflation" represents the
21 application of a 3.2% inflation factor, from the source which

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3-A
Supplemental Direct Testimony of Donald P. Cawley

1 was previously described in my direct testimony, to the total
2 company account. The inflation factor shown for land and
3 buildings is applied to the total company 1992 balance and
4 the total company adjusted for the "Known Changes." In all
5 other accounts, this inflation factor is applied to the 1992
6 total company account and, then, separated.

7 The changes under the "Other Work Equipment" and
8 "Furniture and Artwork" accounts under the "other" column are
9 adjusted out to remove expenses which will not be incurred in
10 the future. Account 6123, 6124, and 6121 are reduced due to
11 reduction in the underlying lease agreements. The adjustment
12 to the account "Pole" reflects increases in annual attachment
13 fees charged by the two electric utilities operating within
14 our service territory. PP&L's rates are increasing to \$22 per
15 year per pole and MetEd's rental rates are also increasing
16 from \$22 to \$26. Workpapers are found at DPC-8.

17 **Q PLEASE DESCRIBE THE ADJUSTMENTS TO PLANT-SPECIFIC OTHER.**

18 **A** Under the column "Known Changes", the account for Digital
19 Electronic has been increased to reflect the total 1993 costs
20 associated with the installation of Signaling System 7 ("SS7")
21 in four central offices to comply with FCC mandates and
22 universal class software in three central offices. This is

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3-A
Supplemental Direct Testimony of Donald P. Cawley

1 the initial expenditure for this type of software and the
2 Company projects that this level of expense will continue to
3 be incurred in future periods, as the Company continues to
4 participate in this industry-wide conversion.

5 Under the column "Other", motor vehicle expense has been
6 reduced to reflect the use of new fuel efficient vehicles,
7 fewer vehicles, and the resulting cost reductions for fuel and
8 repairs. Aircraft has been reduced to reflect a reduction in
9 CTCO's proportionate share of Tech-Air costs. Tool expenses
10 in Account 6115 and 6116 are projected to be higher and lower,
11 respectively. As explained in my direct testimony, the
12 adjustment to 6121 reflects lower facility costs as a result
13 of the sale of the Lake Street properties. Account 6122 has
14 been adjusted to exclude the purchase of chairs for business
15 office in 1992, which is not projected to recur in 1993.
16 Equipment expenses in Account 6123 are projected to be lower
17 and, in Account 6124, we have been able to reduce the cost of
18 maintenance contracts on computers, whereas analog electronic
19 maintenance costs are projected to be higher. Account 6212
20 has been increased to reflect the costs associated with
21 various central office application software, different from
22 that discussed under the Known Changes. These software
23 updates are being developed more rapidly by manufacturers, as

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1 telephone consumers become more sophisticated and we
2 anticipate continuing future upgrades of a similar nature.
3 Costs associated with step-by-step cross bar and other
4 electro-mechanical switches are, as a group, projected to be
5 increased modestly, based upon my discussions with CTCO field
6 personnel. Also based upon field interviews, and actually
7 reviewing the specific material and equipment items needed, i
8 have forecasted decreases in radio systems, circuit equipment,
9 and other terminal equipment, principally due to an
10 anticipated lower demand for repairs and associated material
11 costs. Based upon this same exact process, forecasted
12 increase has been included in Account 6351. Utilizing the
13 same methodology again, I have forecasted decreases in Account
14 6431 associated with anticipated lower demand for repairs and
15 associated material costs.

16 The accounts for pole and aerial cable reflect the
17 construction efforts by the Company in the area of outside
18 plant facilities. The adjustments reflect the increased cost
19 for pole inspection, pole disposal, tree-trimming, and the
20 repairs associated with material costs. On the other hand,
21 Account 6423 is forecasted to be decreased, which is simply
22 the other side of the Company's efforts in the area of aerial
23 cable. Finally, there are increased costs associated with the

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1 maintenance of the Company's underground cabling which are
2 projected to be higher by modest amounts. All of these shifts
3 relate to the Company's capital construction during 1993. My
4 workpapers for the adjustments in excess of a \$25,000 change
5 are attached as DPC-8.

6 The column entitled "Inflation" is simply the application
7 of the 3.2% factor in the manner previously testified to.

8 **Q PLEASE DESCRIBE THE ADJUSTMENTS TO PLANT NON-SPECIFIC PAYROLL.**

9 **A** Payroll Account 6532, 6533, 6534, and 6535 all reflect the
10 reorganization of the Network Services and Support Services
11 Departments discussed previously. The costs associated with
12 power in Account 6531 are no longer included here, but have
13 been transferred to the corresponding plant-specific account.
14 Workpapers for Accounts 6532, 6533 and 6535 are attached.

15 **Q PLEASE DESCRIBE THE ADJUSTMENTS UNDER PLANT NON-SPECIFIC**
16 **BENEFITS.**

17 **A** As is always the case, the benefits follow the employee and
18 the explanation for the changes in this account under the
19 column "Other" are identical to those discussed above in the
20 payroll category, with the exception that under plant
21 operations administration which is a reclass from plant

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1 specific benefits to correct the 1992 historical test year.
2 Under the "Salary/Benefit" column the merit adjustment is
3 made.

4 Q PLEASE DISCUSS PLANT NON-SPECIFIC OTHER.

5 A The reduction in power expense reflects the Company's energy
6 efficiency. Account 6534, Plant Operations Administration, is
7 forecasted to decrease by \$55,526 which represents the 1992
8 cost of training. This amount is then forecasted to be the
9 training budget under Account 6532 and 6533, Network
10 Administration and Testing, respectively. As discussed
11 before, there has been a recent change in Network Operations
12 and Support Services Departments. The remainder of the net
13 change in these two accounts is related to official company
14 toll calls. The changes in "Other" to Engineering primarily
15 reflects the additional engineering services in the area of
16 planning, are committed to for 1993. The increase to Account
17 6540 reflects higher ITORP expenses associated with increased
18 minutes of toll usage from callers located within our network
19 and terminating in other service territories.

20 The amount of \$362,587 is reflected as a known change
21 under Network Administration, which reflects the initial costs
22 of a new mechanized plant record system for cable assignments.

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1 This will replace the current manual system and computerize
2 the function of assigning customer service orders.

3 The adjustments in the column entitled "Inflation" are
4 those same that have been discussed before. Where the known
5 change occurs in Network Administration, the inflation factor
6 is applied to the adjusted sum.

7 **Q PLEASE DISCUSS THE ADJUSTMENTS TO CUSTOMER OPERATIONS -**
8 **PAYROLL AND BENEFITS.**

9 **A** The adjustments to Product Management reflect the filling of
10 the Director of Marketing position in mid-1992, which was a
11 vacancy in the first half of 1992. The revision in the column
12 "Other" to customer services also reflects amounts applicable
13 to replacements which were filled during various periods of
14 1992.

15 The adjustments under the column entitled "Salary/Benefit
16 Increase" reflects the 5% projected mirrored increase
17 elsewhere discussed for payroll and for benefits reflecting
18 the co-pay health cost sharing policy discussed above.

19 As was also discussed earlier, the benefits follow the
20 adjustments in the "Other" column and the changes under the
21 column "Salary/Benefit Increase" follow the revisions in the
22 Company's employee benefits program.

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1 The workpaper associated with Account 6623 is attached.

2 **Q PLEASE DESCRIBE THE ADJUSTMENTS IN THE OTHER CUSTOMER ACCOUNT.**

3 **A** The application of inflation adjustment has been previously
4 discussed.

5 The \$5,015 increase in product management relates to
6 increases in its employee-related expenses, training and
7 development. The increase in Product Advertising reflects
8 additional marketing efforts of particular services,
9 principally the custom calling features, class features,
10 distinctive ring and toll usage. The Company is also
11 forecasting additional customer usage of Directory Assistance
12 (Number Services) and AT&T Operator Services (Call Completion
13 Services). Customer services have been increased in the
14 amount of \$3,792 to reflect employee replacements which were
15 previously discussed. The workpaper associated with Account
16 6613 is attached.

17 **Q PLEASE DESCRIBE THE ADJUSTMENTS MADE IN CORPORATE OPERATIONS/
18 PAYROLL.**

19 **A** The change in Account 6711 reflects projected bonuses and
20 stock appreciation rights to our Vice Presidents. The
21 reduction in Account 6721 (Accounting and Finance) reflects

COMMONWEALTH TELEPHONE COMPANY
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1 the elimination of two positions in 1993. The revision to
2 External Relations reflects the amount related to a senior
3 management -- state government relations vacancy. The changes
4 in Account 6724 and 6726 reflect system support specialist and
5 purchasing analysis vacancies. The negative adjustment to
6 Other G&A reflects a reduction to the level of payroll
7 accrual. The workpapers for the executive and accounting and
8 finance are attached.

9 The column entitled "Salary/Benefits Increase" reflects
10 the 5% mirrored increase previously discussed.

11 **Q PLEASE DESCRIBE THE ADJUSTMENTS TO CORPORATE BENEFITS.**

12 **A** As discussed previously, benefits follow wages. In addition,
13 the Accounting, Executive, Finance, External Relations, Human
14 Resources, Information Management and Procurement account, are
15 increased based upon the changes in Corporate Operations
16 Payroll Account. In the category "Other G&A", the 1992 level
17 has been increased to reflect a reduction in CTCO's allocable
18 share of consolidated pension credits. The workpapers
19 associated with this latter adjustment are attached as Exhibit
20 DPC-8.

21 **Q PLEASE DESCRIBE THE CHANGES IN CORPORATE OPERATIONS/OTHER.**

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1 A The Information Management Account has been increased in the
2 column "Known Changes" by the amount of \$131,072 to reflect
3 the annual right to use software fees for the Network
4 Operations Center and the previously discussed Cable Records
5 System.

6 The column entitled "Other" has been adjusted in several
7 ways. A \$2,193,182 reduction appears in the account
8 "Executive", which reflects a reduction in Parent Management
9 Fees of approximately \$1,884,000 and a reduction in CTCO's
10 long-term bonus plan expense. This amount is based upon the
11 1993 budget from C-TEC Services which forecasts decreased
12 bonuses and an allocation of 50.38%. Accounting and Finance
13 has been increased by \$66,130 to reflect primarily an increase
14 in Management Fees based upon C-TEC's Services' budget.
15 Account 6722, external relations, has been reduced by \$88,869
16 which is related to an adjustment for equal access costs which
17 were incurred in 1992 and are not projected to be recurring.
18 The increase in Human Resources is primarily pursuant to the
19 C-TEC Services' budget.

20 The account for Information Management reflects the
21 amount of \$485,230 which is based upon the terms and
22 conditions defined in the Data Processing Agreement with
23 Systematics Telecommunications Services, Inc. and higher

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1 software rental costs with IBM. The account for Legal has
2 been increased to reflect fees as a result of this
3 investigation. Other G&A reflects the 1993 C-TEC budgeted
4 increases to this account, which includes insurance,
5 administrative services, and other. The workpapers for the
6 G&A adjustment are attached.

7 As the above discussion demonstrates, many of these
8 expenses are related to C-TEC Services' budget for 1993 and
9 the allocation percentage for the future test year of 50.38%.
10 A copy of the 1993 C-TEC Services' budget for CTCO is attached
11 as Exhibit DPC-8.

12 The inflation factor is the same as discussed previously
13 and was used consistently throughout this testimony.

14 **Q ARE THERE ANY ADJUSTMENTS TO THE HISTORIC TEST YEAR IN DPC-3?**

15 **A** Only one, which relates to Account 6728 -- "Other G&A". In
16 December 1992, CTCO was billed a retroactive premium for the
17 period April 1, 1991 through April 1, 1992. The purpose of
18 the negative adjustment is to back out that portion of the
19 amount received in 1992 that relates to 1991. As of April 1,
20 1992, the premiums had rocketed up to this new level.

21 **Q THE DEPRECIATION EXPENSE SHOWN FOR THE PERIOD ENDED DECEMBER**

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1 **31, 1992 IS HIGHER THAN THAT DURING THE PRECEDING 12 MONTH**
2 **PERIODS. WHY IS THIS?**

3 A The depreciation expense claimed in both of the test years is
4 higher than previously, based upon the depreciation study
5 undertaken by Mr. Robinson. I have revised the test year
6 amounts to reflect the depreciation which should be occurring
7 on our books according to this analysis.

8 Q **THE ACCOUNT FOR DIGITAL EXPENSES IS HIGHER FOR THE 12 MONTHS**
9 **ENDED DECEMBER 31, 1992 THAN WAS THE CASE DURING PRECEDING 12**
10 **MONTH PERIODS. PLEASE COMMENT.**

11 A The increase in expenses related to our digital central
12 offices reflects our continued deployment of digital
13 technology, as well as the commencement of implementation of
14 Signalling System 7, Universal Class Software, and software
15 upgrades by our vendors.

16 Q **IN DPC-6, WHICH IS THE INCOME STATEMENT FOR THE FUTURE TEST**
17 **YEAR, YOU REFLECT ZERO INCOME TAXES. WHY IS THAT?**

18 A I have reflected zero income taxes because the Company has no
19 taxable income and, therefore, no amounts are due and payable
20 to the Internal Revenue Service or State Department of Revenue
21 under the results demonstrated therein.

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3-A
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1 Q DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT TESTIMONY?

2 A Yes, thank you.

WORKPAPERS FOR "OTHER"
COLUMN ADJUSTMENTS IN DPC-4
(\$25,000 MATERIALITY LIMIT)

The following accounts are included:

<u>Category</u>	<u>Account No.</u>
Plant Specific	
Payroll	6112
	6123
	6211
	6212
	6362
	6411
	6421
	6423
Benefits	6212
	6421
Rents	6411
Other	6112
	6113
	6121
	6212
	6232
	6411
	6421
	6423

COMMONWEALTH TELEPHONE COMPANY
STATEMENT 3-A
EXHIBIT DPC-8
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<u>Category</u>	<u>Account No.</u>
Plant Non-Specific	
Payroll	6532 6533 6535
Benefits	6532 6533
Other	6532 6533 6534 6535 6540
Customer	
Payroll	6623
Other	6613
Corporate	
Payroll	6711 6721
Benefits	6728
Other	6711 6721 6722 6723 6724 6728

WORKPAPERS FOR "OTHER"
COLUMN ADJUSTMENTS IN DPC-4
(\$25,000 MATERIALITY LIMIT)

The following accounts are included:

<u>Category</u>	<u>Account No.</u>
Plant Specific	
Payroll	6112
	6123
	6211
	6212
	6362
	6411
	6421
	6423
Benefits	6212
	6421
Rents	6411
Other	6112
	6113
	6121
	6212
	6232
	6411
	6421
	6423

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<u>Category</u>	<u>Account No.</u>
Plant Non-Specific	
Payroll	6532 6533 6535
Benefits	6532 6533
Other	6532 6533 6534 6535 6540
Customer	
Payroll	6623
Other	6613
Corporate	
Payroll	6711 6721
Benefits	6728
Other	6711 6721 6722 6723 6724 6728

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Specific

Payroll

6112	Motor Vehicle	(66,875)
6123	Office Equipment	78,885
6211	Analog Electronic	30,581
6212	Digital Electronic	(212,070)
6362	Other Terminal Equipment	27,737
6411	Pole	(39,619)
6421	Aerial Cable	(175,681)
6423	Buried Cable	58,632

Benefits

6212	Digital Electronic	(45,595)
6421	Aerial Cable	(44,129)

The test year amounts for the Plant Specific accounts are almost entirely the result of the budgeted labor distribution. Attached are the workpapers which detail the salary and wage, benefit and labor hour distribution that formed the basis for the 1993 budgeted expense.

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Specific
Rent

6411 Pole

194,056

Increase due to pole attachment rent rate
increases in excess of the inflation rate.
(See Attached Schedule)

186,672

Increase in number of pole attachments.

7,384

	Pole Attachment	Rent	Other	Total	Intrastate
PP&L					
66100 Attachments @ \$5.488 X 6/12				181,378	135,925
Metropolitan Edison					
20520 Attachments @ \$3.30				67,716	50,747
				<hr/>	<hr/>
TOTAL				249,094	186,672

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Specific
Other

6113 Aircraft

(78,542)

The variance is primarily due to fluctuations in Parent Management Fees, which were budgeted based on the attached schedule.

CTCOBILL

CTEC SERVICES
BUDGETED ALLOCATED MANAGEMENT FEES
TOTAL EXPENSE

Account #	Description	1993
6113	Aircraft	852,703
6121	Land & Building	0
	Plant Specific	852,703
6534	Plant Operations Administration	0
6535	Engineering	0
	Plant Non Specific	0
6611	Product Management	0
6613	Product Advertising	0
	Customer	0
6711	Executive	5,079,942
6712	Planning	1,008
6721	Accounting and Finance	1,026,012
6722	External Relations	109,402
6723	Human Resources	1,637,763
6724	Information Management	99,719
6725	Legal	145,552
6728	Other G & A	975,899
	Corporate	9,075,297
	TOTAL	9,928,000

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Specific

Other

6232 Circuit Equipment

(25,357)

The variance is primarily due to fluctuations in the expected level of material expense in this category based upon discussions with field operations personnel.

CONTRACT LABOR FOR TREE TRIMMING

Acct. #

CTCo has over 10,281 miles of aerial cable and 5,429 miles of aerial wire that require trimming on a routine basis. If trimming is not performed, the trees will rub holes in the cable where water will enter, causing service interruptions and the potential for customer irritation, and ultimately costly cable replacement. A major problem will exist on open wire leads if trimming is not performed. CTCo has received many customer complaints caused by trees rubbing against open wire leads. In 1993, CTCo will install 120 miles of fiber optic cable. To install the cable, it is MANDATORY that the leads be trimmed. The trimming money is allocated by the amount of cable in each district.

<u>DISTRICT</u>	<u>COST</u>
Pocono Lake/Saylorsburg	6,725
Dallas	6,671
Clarks Summit	5,789
Tumkhanock	5,260
Shickshinny	5,416
Conyngam	5,771
Towanda	8,091
Montrose	6,458
Wellsboro	6,142
Bangor	6,453
Elizabethville	5,468
Quarryville	7,363
Leesport	3,688
Lewisberry	3,287
Coopersburg	1,637
TOTAL	84,219

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Specific

Other

6421 Aerial Cable

144,512

The variance is primarily due to fluctuations in the expected level of material expense in this category based upon discussions with field operations personnel.

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Specific

Other

6423 Buried Cable

(116,124)

The variance is primarily due to fluctuations in the expected level of material expense in this category based upon discussions with field operations personnel.

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Non Specific

Payroll

6532 Network Administration 147,983

New positions from reorganization :

Network Switching Administrator 20,489

Special Services Engineer 24,792

Special Services Supervisor 26,656

Service Center Manager position

Differential due to reorganization
shift in November 1992. 33,235

Increase due to bargaining payroll rate
and overtime level increases.

42,811

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Non Specific

Payroll

6533 Testing

359,864

New positions from reorganization:

Dispatch Supervisors (3) 79,249

Operations Support Systems Manager 26,967

Network Operations Center Switchmen(3 92,831

Fluctuations resulting from labor
distribution changes resulting
from reorganization.

160,817

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Non Specific

Payroll

6535 Engineering

(31,019)

Decrease is due to the elimination of 2 Area Manager positions as a part of the Operations reorganization.

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Non Specific

Other

6532 Network Administration

40,439

Increase in training expense
(budget based upon attached listing).

3,771

Decrease in engineering services
(budget based upon attached memo).

36,668

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
EXT	4001	CONSTRUCTION TECHNICIANS (12) 10-12 ATTENDEES	POLE CLIMBING NTI PASSKEY	31320 1000
*EXT	4001			32320
	4161	DAN SUDA DAN SUDA	NATIONAL COMM. FORUM SS7	1320 420
*EXT	4161			1740
	4164	SHERYL SANTAYANA SHERYL SANTAYANA	CARS USERS CONF. MARTENS USERS CONF.	910 910
*EXT	4164			1820
	4182	RALPH KELLY	ACD NETWORK MANAGEMENT	1260
*EXT	4182			1260
	4183	H. SHIPKOWSKI J. CHICHVAR E. MARTIN G. NARCUM D. OSBORNE D. OSBORNE J. CHICHVAR H. SHIPKOWSKI E. MARTIN E. MARTIN H. SHIPKOWSKI E. MARTIN H. SHIPKOWSKI VACANCY D. OSBORNE E. MARTIN J. CHICHVAR	NTI #9030 SS7 NTI #9030 SS7 ACD NETWORK MANAGEMENT NTI DMS-10 #0104 (CST) NTI #9030 SS7 NTI #190 SS7 NTI #190 SS7 NTI #190 SS7 NTI #190 SS7 NTI #190 SS7 ACD USERS MEETING NTI #951 SS7 NTI #951 SS7 NTI DMS-10 #0104 (CST) NTI DMS-100 SUPERNODE (CST) NTI #951 SS7 NTI #9030 SS7 NTI #951 SS7	1050 1050 1260 3750 1050 910 910 910 910 770 1750 1750 3750 3750 1750 1050 1750
*EXT	4183			29120
	4184	RAY HOOPENGARDNER ANDY SEMAN RAY HOOPENGARDNER GIL DEPEW BEN RONDINA BEN RONDINA RAY HOOPENGARDNER ANDY SEMAN	DMS-100 #462-0463-0464-0477 DMS-100 CCS7/CLASS TRANSLATION 9030-CCS7 PROTOCOL DMS-10 TRANS.& MAINT. DMS-100 MAINT.(CST) DMS-100 OVERVIEW DMS-100 MAINT.(CST) DMS-100 MAINT.(CST)	3470 3470 2550 3960 1000 3330 1000 1000

I-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
*INT	7276			1530
INT	7278	LESTER KESSEL	PREVENTIVE DISCIPLINE	765
*INT	7278			765
	7293	MICHAEL FLYNN	FINANCIAL MANAGEMENT	290
		MICHAEL FLYNN	PREVENTIVE DISCIPLINE	660
*INT	7293			960
*INT				32510
FA	4101	STAN CHARNICK	ORGANIZATIONAL MANAGEMENT-A.S.	100
		STAN CHARNICK	ORGANIZATIONAL MANAGEMENT-A.S.	100
*FA	4101			200
	4141	DALE ESTEP	QBA - BUS. ADM.	624
		DALE ESTEP	QBA - BUS. ADM.	624
		MILDRED DOBASH	BUSINESS ADM.	650
		LORI STROUD	BUSINESS ADM.	650
		LORI STROUD	BUSINESS ADM.	650
		NICHELE CAPONE	ACCOUNTING/BUS. ADM.	650
		LORI STROUD	BUSINESS ADM.	650
		MILDRED DOBASH	BUSINESS ADM.	650
		MILDRED DOBASH	BUSINESS ADM.	650
		MILDRED DOBASH	BUSINESS ADM.	650
		LORI STROUD	BUSINESS ADM.	650
		NICHELE CAPONE	ACCOUNTING/BUS. ADM.	650
		LORI LASECKI	BUSINESS ADM.	1250
		LORI LASECKI	BUSINESS ADM.	1250
*FA	4141			10248
	4161	DAN SUDA	BUSINESS ADM.	650
		DAN SUDA	BUSINESS ADM.	650
*FA	4161			1300
	4163	CATHY BERNARDI	LOTUS 123	470
		DEBORAH ROWE	UNKNOWN - A.S. BUS.	159
		DEBORAH ROWE	UNKNOWN	159
*FA	4163			798

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL

	4164	MARY JANE ARNOLD	B.S. MATH	624
		SHERYL SANTAYANA	MANAGERIAL FINANCE-MBA	990
		MARY JANE ARNOLD	B.S. MATH	624
		MARY JANE ARNOLD	B.S. MATH	624
		MARY JANE ARNOLD	B.S. MATH	624
		SHERYL SANTAYANA	BUSINESS LAW-MBA	990
				4476
*TA	4164			
	4172	IRENE SEIGEL	MICRO ECONOMICS	624
		BETH SHUBILLA	MICRO ECONOMICS	624
		BETH SHUBILLA	MACRO ECONOMICS	624
				1872
*TA	4172			
	4173	KATHLEEN DUNN	BUSINESS LAW-A.S. BUSINESS	159
		SALLY DODSON	COMPUTERS-A.S. ENGINEERING	179
		KAREN WINTON	ACCOUNTING II - MBA FINANCE	903
		BARB MANUSCO	ENGLISH - A.S. BUS.	159
		JANICE LOHMANN	HUMAN RESOURCES -A.S. BUSINESS	154
		JANICE LOHMANN	HUMAN RESOURCES-A.S. BUSINESS	154
		JANICE LOHMANN	HUMAN RESOURCES-A.S. BUSINESS	154
		KAREN WINTON	ACCOUNTING II-MBA FINANCE	903
		BARB MANUSCO	ENGLISH-A.S. BUSINESS	159
		KATHLEEN DUNN	BUSINESS LAW-A.S. BUSINESS	159
		SALLY DODSON	COMPUTERS-A.S. ENGINEERING	179
				3862
*TA	4173			
	4181	CHRIS HARRISON	QUANTITATIVE METHODS	630
		CHRIS HARRISON	COMPUTING FOR BUSINESS	630
				1260
*TA	4181			
	4182	RALPH KELLY	ECON II ABA	480
		RALPH KELLY	ENG 014 ABA	480
				960
*TA	4182			
	4184	ANDY SEMAN	B.S. COMPUTER SCIENCE	765
		ANDY SEMAN	B.S. COMPUTER SCIENCE	765
		ANDY SEMAN	B.S. COMPUTER SCIENCE	765
				2295
*TA	4184			
	4211	JOHN SMITHKORS	MANAGEMENT	400

UNITED CORPORATION
TELEPHONE DIVISION
1993 NON TIME REPORTING TRAINING - SUPPORT SERVICES

TYPE	RESP	NAME	DESC	TOTAL
=====	=====	=====	=====	=====
EXT	7401	FRANK SCHRAY	BELLORE POC	1100
+EXT	7401			1000
	7411	JERRY WALL	ADV TELECOM	1100
+EXT	7411			1200
	7421	JEAN HUNTING	DEPRECIATION CONF	1400
		JEAN HUNTING	DEPRECIATION PROG	1700
+EXT	7431			4100
	7431	JEFF BARTON	NTI USERS CONFERENCE	770
		LISA HARLE	LENG/BRADS	300
		JEFF BARTON	DMS-10 CCST OVERVIEW	600
		JEFF BARTON	DMS-100 CCST OVERVIEW	100
		JEFF BARTON	CLASS OVERVIEW	140
		LINDA JONES	ASR WORKSHOP	400
		CHERYL LEHARDY	LENG/BRADS	200
+EXT	7431			2800
	7900	DOUG ROBINSON	SONET & FIBER WORLD	790
		DOUG ROBINSON	CCST OVERVIEW	1200
+EXT	7900			2000
	7906	TOM SCALISE	DMS-100 MERIDIAN	3100
		DOUG BRODY	LIGHTNING PROTECTION	1600
		DAVE ROOSA	DMS-100 P1 SUPER	3370
		BOB JOHNSON	FIBER OPTIC COMM.	2250
		JOE CICERO	ADVANCED T-CARRIER	1300
		BOB MORRAL	MASTERING FIBER OPTICS	3010
		DOUG BRODY	POWER LINE	1200
		GERRY KAVANAGH	IMMUNITIVE INTERFERENCE	2450
+EXT	7906			20530
	7915	JIM KEMMERER	EAST. PA. SAFETY & HEALTH CONF	350
		DENISE CHMIEJ	PROJECT MANAGEMENT	340
		JIM KEMMERER	TEL. SAFETY PROF. DEV. CONF.	1320
		JIM KEMMERER	MSC PRIN. OF ODD SAFETY&HEALTH	1160
+EXT	7915			3170
	7923	SUSAN DENNOR	STATISTICAL REGRESSIONS	340

CITEL CORPORATION
 TELEPHONE DIVISION
 1993 NON Time REPORTING TRAINING - SUPPORT SERVICES

TYPE	RESP	NAME	DESC	TOTAL
=====	=====	=====	=====	=====
*EXT	7923			340
EXT	7934	DAVID HOFFMAN	PA TELDB SECURITY CONF.	140
*EXT	7934			400
	7935	WILLIAM BLANWETT	AAA INVENTORY CONTROL	1015
*EXT	7985			1115
*EXT				36785
INT	7431	DONNA ROTOVIDLAK	DDI: PERFORMANCE TRACKING	200
		DONNA ROTOVIDLAK	DDI: IDENTIFYING PERFORMANCE	200
		LINDA JONES	INTERVIEWING FOR JOB POSTINGS	50
		LISA MARLE	STRESS MANAGEMENT	200
*INT	7431			650
	7906	BOB MORRAL	MANAGEMENT DEVELOPMENT II	500
		BOB JOHNSON	MANAGEMENT DEVELOPMENT I	1000
		TOM SCALISE	MANAGEMENT DEVELOPMENT I	1000
*INT	7906			2500
	7910	PETE URBAN	MANAGEMENT DEVELOPMENT I	1000
*INT	7910			1000
	7915	JIM KERRERER	PREVENTIVE DISCIPLINE	500
		CRAFT & MANAGEMENT	FIRST AID/CPR	3425
		CRAFT & MANAGEMENT	HIGH RISK DEFENSIVE DRIVING	2000
		GENISE CHAIKU	MANAGEMENT DEVELOPMENT II	500
*INT	7915			3925
	7920	JEAN STEELE	PREVENTIVE DISCIPLINE	500
*INT	7920			500
	7923	ROSE EAGAN	MANAGEMENT DEVELOPMENT I	1000
		SUSAN BERRICK	NEGOTIATING SKILLS	400
*INT	7923			1400
	7930	PAT WENRICH	MANAGEMENT DEVELOPMENT II	500
		G.B. ALLES	MANAGEMENT DEVELOPMENT I	1000

UNITED CORPORATION
TELEPHONE DIVISION
1978 NOW TIME REPORTING TRAINING - SUPPORT SERVICES

TYPE	RESP	NAME	DESC	TOTAL
=====	=====	=====	=====	=====
TA	7431	LISA KAHLE	BUS. 141 QUANT. I-BUS. ADM.	674
		LISA KAHLE	AMERICAN LIT. I-BUS. ADM.	674
		LISA KAHLE	AMERICAN LIT. II-BUS. ADM.	674
		CAROL HADSEL	PRINCIPLES OF MARKETING	674
		CAROL HADSEL	PRINCIPLES OF MANAGEMENT	674
		CAROL HADSEL	MACRO ECONOMICS	674
		CAROL HADSEL	MICRO ECONOMICS	674

*TA	7431			15090
	7914	JUDY GODEK	FINANCE-BUSINESS	795
		JUDY GODEK	ECONOMICS-BUSINESS	795
		JUDY GODEK	BUSINESS-BUSINESS	795

*TA	7914			2385
	7923	SUSAN DENMON	BUSINESS ADM.	690

*TA	7923			690
	7930	M.B. ALLEN	A.S. CIS	676
		M.B. ALLEN	A.S. CIS	676
		M.B. ALLEN	A.S. CIS	676
		M.B. ALLEN	A.S. CIS	676

*TA	7930			2704
	7934	DAVID HOFFMAN	MARKETING-BUSINESS ADM.	624
		DAVID HOFFMAN	BUSINESS LAW-BUSINESS ADM.	624
		DAVID HOFFMAN	TECHNICAL WRITING-BUSINESS ADM.	624
		DAVID HOFFMAN	HUMAN RELATIONS-BUSINESS ADM.	624

*TA	7934			2496
	7985	WILLIAM BLANNETT	COMPUTER INFO II - B.S.	690
		WILLIAM BLANNETT	LITERATURE - B.S.	690
		WILLIAM BLANNETT	HISTORY - B.S.	690
		WILLIAM BLANNETT	LITERATURE - B.S.	690

*TA	7985			2760

*TA				18375

*GRAND TOTAL				94565
=====	=====	=====	=====	=====

ENGINEERING EXPENSE

The 1993 engineering expense budget is estimated to be \$1,800,000, which reflects provisions for inflation and additional engineering administration requirements.

\$1,488,000 has been allocated for general engineering with the majority of the expenditures budgeted for network planning to include: updating 30 exchange integrated network plans; further development of the transport network plan; developing a synchronization and timing reference plan; updating the software study. Also included in this amount is Special Services support to help alleviate problems with the Special Services process; Transport Network support to help address intercompany (LEC & IXC) coordination; and, engineering administrative support to further refine Spare Plug-In (spare parts) and Holding Account procedures.

\$240,000 has been allocated for Network and Traffic Administration to perform required traffic studies and help cutover the new RDC traffic system.

The remaining \$72,000 has been allocated for PBX trunk usage studies requested by Marketing and Sales for business customers.

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Non Specific

Other

6533 Testing

106,312

Increase in Official Company Toll
expense resulting from function changes
with the reorganization.

62,474

Increases due to changes in labor
distribution.

9,061

Increase in training expense
(budget based upon attached listing).

34,777

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
EXT	4001	CONSTRUCTION TECHNICIANS (12) 10-12 ATTENDEES	POLE CLIMBING NTI PASSKEY	31320 1000
+EXT 4001				32320
	4161	DAN SUDA DAN SUDA	NATIONAL COMM. FORUM SS7	1320 420
+EXT 4161				1740
	4164	SHERYL SANTAYANA SHERYL SANTAYANA	CARS USERS CONF. HARTENS USERS CONF.	910 910
+EXT 4164				1820
	4182	RALPH KELLY	ACD NETWORK MANAGEMENT	1260
+EXT 4182				1260
	4183	H. SHIPKOWSKI	NTI #9030 SS7	1050
		J. CHICHVAR	NTI #9030 SS7	1050
		E. MARTIN	ACD NETWORK MANAGEMENT	1260
		G. MARCUM	NTI DNS-10 #0184 (CBT)	3750
		D. OSBORNE	NTI #9030 SS7	1050
		D. OSBORNE	NTI #190 SS7	910
		J. CHICHVAR	NTI #190 SS7	910
		H. SHIPKOWSKI	NTI #190 SS7	910
		E. MARTIN	NTI #190 SS7	910
		E. MARTIN	ACD USERS MEETING	770
		H. SHIPKOWSKI	NTI #951 SS7	1750
		E. MARTIN	NTI #951 SS7	1750
		H. SHIPKOWSKI	NTI DNS-10 #0184 (CBT)	3750
		VACANCY	NTI DNS-100 SUPERNODE (CBT)	3750
		D. OSBORNE	NTI #951 SS7	1750
		E. MARTIN	NTI #9030 SS7	1050
		J. CHICHVAR	NTI #951 SS7	1750
+EXT 4183				172120
	4184	RAY HOOPENGARDNER	DNS-100 #462-#463-#464-#477	3470
		ANDY SEMAN	DNS-100 CCS7/CLASS TRANSLATION	3470
		RAY HOOPENGARDNER	9030-CCS7 PROTOCOL	2550
		GIL DEFEW	DNS-10 TRANS. & MAINT.	3960
		BEN RONDINA	DNS-100 MAINT. (CBT)	1000
		BEN RONDINA	DNS-100 OVERVIEW	3330
		RAY HOOPENGARDNER	DNS-100 MAINT. (CBT)	1000
		ANDY SEMAN	DNS-100 MAINT. (CBT)	1000

S-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
=====	=====	=====	=====	=====
EXT	4184	RAY HOOPENGARDNER	0951-ADVANCED CCS7 MAINT.	4750
		ANDY SEMAN	0951-ADVANCED CCS7 MAINT.	4750
		ANDY SEMAN	9030-CCS7 PROTOCOL	2550
		BOB BOLTON	NTI #190 SS7 (CBT)	1000
				32730
*EXT	4184			
	4185	CHRIS HARRISON	NTI 190 SS7 (CBT)	1000
		CHRIS HARRISON	NTI 951 SS7	4250
		CHRIS HARRISON	NTI 9030 SS7	2550
				7800
*EXT	4185			
	4211	JOHN SMITHKORS	NTI DMS-100 CCS7 OVERVIEW #462	1030
		JOHN SMITHKORS	NTI SONET OVERVIEW #2002	390
		JOHN SMITHKORS	CLASS OVERVIEW	500
				1920
*EXT	4211			
	4215	JIM MOSSO	NTI CCS7 (CBT) # 0196	1000
				1000
*EXT	4215			
	4216	JERRY BROWN	NTI CCS7 (CBT) #0190	1000
		JERRY BROWN	NEC INT 150/ITS 600 W/SONET	1950
		JERRY BROWN	CLASS OVERVIEW	500
		SWITCHMEN	CLASS OVERVIEW	500
		SWITCHMEN	CLASS OVERVIEW	500
		SWITCHMEN	CLASS OVERVIEW	500
		SWITCHMEN	CLASS OVERVIEW	500
		SWITCHMEN (3)	SUPERNODE (CBT)	3000
				8450
*EXT	4216			
	4234	HARRY ALLEN	NTI CCS7 (CBT) #0190	1000
		HARRY ALLEN	SS7 OVERVIEW	1030
				2030
*EXT	4234			
	4235	TERRY HOWARD	NTI CCS7 (CBT) 0190	1000
		TERRY HOWARD	NTI CCS7 PROTOCOL 9030	2550
		TERRY HOWARD	SS7 OVERVIEW	1030
				4580
*EXT	4235			
	4236	JACK DODSON	DMS-100 #400	2000
		JACK DODSON	SS7 OVERVIEW	1030

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
=====	=====	=====	=====	=====
	4183	E. MARTIN	MANAGEMENT DEVELOPMENT III	600
*INT	4183			<u>600</u>
	4211	JOHN SMITHKORS	PREVENTIVE DISCIPLINE	600
*INT	4211			<u>600</u>
	4215	JIM HOSSO	PREVENTIVE DISCIPLINE	600
*INT	4215			<u>600</u>
	4216	JERRY BROWN	PREVENTIVE DISCIPLINE	600
*INT	4216			<u>600</u>
	4234	HARRY ALLEN	PREVENTIVE DISCIPLINE	600
*INT	4234			<u>600</u>
	4235	TERRY HOWARD	PREVENTIVE DISCIPLINE	600
*INT	4235			<u>600</u>
	4236	JACK DODSON	PREVENTIVE DISCIPLINE	600
*INT	4236			<u>600</u>
	4237	RICH JONES	PREVENTIVE DISCIPLINE	600
*INT	4237			<u>600</u>
	4241	FRED MAHLE	PREVENTIVE DISCIPLINE	600
*INT	4241			<u>600</u>
	4255	AL WASHBURN	PREVENTIVE DISCIPLINE	600
*INT	4255			<u>600</u>
	4256	WALT SALINSKI	PREVENTIVE DISCIPLINE	600
*INT	4256			<u>600</u>
	4257	LARRY ALBERT	PREVENTIVE DISCIPLINE	600
				<u>600</u>

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
	4164	MARY JANE ARNOLD	B.S. MATH	624
		SHERYL SANTAYANA	MANAGERIAL FINANCE-MBA	990
		MARY JANE ARNOLD	B.S. MATH	624
		MARY JANE ARNOLD	B.S. MATH	624
		MARY JANE ARNOLD	B.S. MATH	624
		SHERYL SANTAYANA	BUSINESS LAW-MBA	990
*TA	4164			4476
	4172	IRENE SEIGEL	MICRO ECONOMICS	624
		BETH SHUBILLA	MICRO ECONOMICS	624
		BETH SHUBILLA	MACRO ECONOMICS	624
*TA	4172			1872
	4173	KATHLEEN DUNN	BUSINESS LAW-A.S. BUSINESS	159
		SALLY DODSON	COMPUTERS-A.S. ENGINEERING	179
		KAREN WINTON	ACCOUNTING II - MBA FINANCE	903
		BARB MANUSCO	ENGLISH - A.S. BUS.	159
		JANICE LOHMANN	HUMAN RESOURCES -A.S. BUSINESS	154
		JANICE LOHMANN	HUMAN RESOURCES-A.S. BUSINESS	154
		JANICE LOHMANN	HUMAN RESOURCES-A.S. BUSINESS	154
		KAREN WINTON	ACCOUNTING II-MBA FINANCE	903
		BARB MANUSCO	ENGLISH-A.S. BUSINESS	159
		KATHLEEN DUNN	BUSINESS LAW-A.S. BUSINESS	159
		SALLY DODSON	COMPUTERS-A.S. ENGINEERING	179
*TA	4173			3962
	4181	CHRIS HARRISON	QUANTITATIVE METHODS	630
		CHRIS HARRISON	COMPUTING FOR BUSINESS	630
*TA	4181			1260
	4182	RALPH KELLY	ECON II ABA	480
		RALPH KELLY	ENG 014 ABA	480
*TA	4182			960
	4184	ANDY SEMAN	B.S. COMPUTER SCIENCE	765
		ANDY SEMAN	B.S. COMPUTER SCIENCE	765
		ANDY SEMAN	B.S. COMPUTER SCIENCE	765
*TA	4184			2295
	4211	JOHN SMITHKORS	MANAGEMENT	406

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Non Specific

Other

6534 Plant Operations Administration (55,526)

Decrease in Official Company Tolls expense
resulting from function changes with the
reorganization. (48,075)

Decrease in training expense
(budget based upon attached listing). (7,451)

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
EXT	4001	CONSTRUCTION TECHNICIANS (12) 10-12 ATTENDEES	POLE CLIMBING NTI PASSKEY	31320 <u>1000</u>
*EXT	4001			32320
	4161	DAN SUDA DAN SUDA	NATIONAL COMM. FORUM SS7	1320 <u>420</u>
*EXT	4161			1740
	4164	SHERYL SANTAYANA SHERYL SANTAYANA	CARS USERS CONF. HARTENS USERS CONF.	910 <u>910</u>
*EXT	4164			1820
	4182	RALPH KELLY	ACD NETWORK MANAGEMENT	<u>1260</u>
*EXT	4182			1260
	4183	H. SHIPKOWSKI J. CHICHVAR E. MARTIN G. NARCUM D. OSBORNE D. OSBORNE J. CHICHVAR H. SHIPKOWSKI E. MARTIN E. MARTIN H. SHIPKOWSKI E. MARTIN H. SHIPKOWSKI VACANCY D. OSBORNE E. MARTIN J. CHICHVAR	NTI 49030 SS7 NTI 49030 SS7 ACD NETWORK MANAGEMENT NTI DHS-10 40184 (CBT) NTI 49030 SS7 NTI 4190 SS7 NTI 4190 SS7 NTI 4190 SS7 NTI 4190 SS7 ACD USERS MEETING NTI 4951 SS7 NTI 4951 SS7 NTI DHS-10 40184 (CBT) NTI DHS-100 SUPERNODE (CBT) NTI 4951 SS7 NTI 49030 SS7 NTI 4951 SS7	1050 1050 1260 3750 1050 910 910 910 910 770 1750 1750 3750 3750 1750 1050 1750
*EXT	4183			<u>29120</u>
	4184	RAY HOOPENGARDNER ANDY SEMAN RAY HOOPENGARDNER GIL DEFEW BEN RONDINA BEN RONDINA RAY HOOPENGARDNER ANDY SEMAN	DHS-100 0462-0463-0464-0477 DHS-100 CCS7/CLASS TRANSLATION 9030-CCS7 PROTOCOL DHS-10 TRANS. & MAINT. DHS-100 MAINT. (CBT) DHS-100 OVERVIEW DHS-100 MAINT. (CBT) DHS-100 MAINT. (CBT)	3470 3470 2550 3960 1000 3330 1000 1000

S-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
EXT	4184	RAY HOOPENGARDNER	0951-ADVANCED CCS7 MAINT.	4750
		ANDY SEMAN	0951-ADVANCED CCS7 MAINT.	4750
		ANDY SEMAN	9030-CCS7 PROTOCOL	2550
		BOB BOLTON	NTI #190 SS7 (CBT)	1000
*EXT 4184				32730
	4185	CHRIS HARRISON	NTI 190 SS7 (CBT)	1000
		CHRIS HARRISON	NTI 931 SS7	4250
		CHRIS HARRISON	NTI 9030 SS7	2550
*EXT 4185				7800
	4211	JOHN SMITHKORS	NTI BRS-100 CCS7 OVERVIEW #462	1030
		JOHN SMITHKORS	NTI SONET OVERVIEW #2002	390
		JOHN SMITHKORS	CLASS OVERVIEW	500
*EXT 4211				1920
	4215	JIM MOSSO	NTI CCS7 (CBT) # 0190	1000
*EXT 4215				1000
	4216	JERRY BROWN	NTI CCS7 (CBT) #0190	1000
		JERRY BROWN	NEC INT 150/ITS 600 W/SONET	1950
		JERRY BROWN	CLASS OVERVIEW	500
		SWITCHMEN	CLASS OVERVIEW	500
		SWITCHMEN	CLASS OVERVIEW	500
		SWITCHMEN	CLASS OVERVIEW	500
		SWITCHMEN	CLASS OVERVIEW	500
		SWITCHMEN (3)	SUPERNODE (CBT)	3000
*EXT 4216				8450
	4234	HARRY ALLEN	NTI CCS7 (CBT) #0190	1000
		HARRY ALLEN	SS7 OVERVIEW	1030
*EXT 4234				2030
	4235	TERRY HOWARD	NTI CCS7 (CBT) 0190	1000
		TERRY HOWARD	NTI CCS7 PROTOCOL 9030	2550
		TERRY HOWARD	SS7 OVERVIEW	1030
*EXT 4235				4580
	4236	JACK DODSON	BRS-100 #100	2000
		JACK DODSON	SS7 OVERVIEW	1030

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
*EXT	4271			1000
EXT	4275	JERRY BARTON	A17ARC - S/C	1000
		MERV HACE	A17ARC - S/C	1000
*EXT	4275			2000
	4276	DORTHY THOMAS	DMS-100 OVERVIEW #139 (CMT)	1000
*EXT	4276			1000
	4278	RUSS CROMAN	DMS SUPERNODE #0137 (CMT)	750
		SWITCHMEN	NTI #137 SNODE (CMT)	750
		SWITCHMEN	NTI #137 SNODE (CMT)	750
		SWITCHMEN	NTI #137 SNODE (CMT)	750
		SWITCHMEN	DMS-100 (CMT)	3500
*EXT	4278			6500
	4378	ROSS STIENHAUER	DMS-100 OVERVIEW #139 (CMT)	1000
*EXT	4378			1000
	7256	WAYNE DEVINE	DMS-100	1030
*EXT	7256			1030
	7293	MICHAEL FLYNN	REA ENGR. SPEC. SEMINAR	355
*EXT	7293			355
*EXT				163455
INT	4101	STAN CHARNICK	PREVENTIVE DISCIPLINE	600
*INT	4101			600
	4141	BECKY KOHLI	MANAGEMENT DEVELOPMENT III	600
		KARLA MARKIEWICZ	FINANCE FOR NON-FINANCE MGR.	200
		BECKY KOHLI	PREVENTIVE DISCIPLINE	600
*INT	4141			1400
	4181	CHRIS HARRISON	PREVENTIVE DISCIPLINE	600
*INT	4181			600

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
*INT	4257			600
INT	4271	BARRY RONSELL	PREVENTIVE DISCIPLINE	765
*INT	4271			765
	4275	JERRY BARTON	PREVENTIVE DISCIPLINE	765
		JERRY BARTON	MANAGEMENT DEVELOPMENT I	1275
		MERY RACE	PREVENTIVE DISCIPLINE	765
*INT	4275			2805
	4276	DORTHY THOMAS	PREVENTIVE DISCIPLINE	765
*INT	4276			765
	4277	RICHARD DISSINGER	PREVENTIVE DISCIPLINE	765
*INT	4277			765
	4278	RUSS CROMAN	PREVENTIVE DISCIPLINE	765
*INT	4278			765
	4281	MARY KELLY	EMPLOYEE ORIENTATION	155
		LOU HERTES	PREVENTIVE DISCIPLINE	765
*INT	4311			720
	4316	DALE WOOD	PREVENTIVE DISCIPLINE	600
*INT	4316			600
	4337	KEN HOWELL	PREVENTIVE DISCIPLINE	600
*INT	4337			600
	4378	ROSS STIENHAUER	PREVENTIVE DISCIPLINE	765
*INT	4378			765
	7215	DALE STONE	PREVENTIVE DISCIPLINE	600
*INT	7215			600
	7216	JAN KAPSON	MANAGEMENT DEVELOPMENT II	600
		JAN KAPSON	PREVENTIVE DISCIPLINE	600

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
=====	=====	=====	=====	=====
*INT	7276			1530
LNT	7278	LESTER RESSEL	PREVENTIVE DISCIPLINE	765
*INT	7278			765
	7293	MICHAEL FLYNN	FINANCIAL MANAGEMENT	200
		MICHAEL FLYNN	PREVENTIVE DISCIPLINE	600
*INT	7293			800
*INT				32510
TA	4101	STAN CHARNICK	ORGANIZATIONAL MANAGEMENT-M.S.	100
		STAN CHARNICK	ORGANIZATIONAL MANAGEMENT-M.S.	100
*TA	4101			200
	4141	DALE ESTEP	QBA - BUS. ADM.	624
		DALE ESTEP	QBA - BUS. ADM.	624
		MILDRED DOBASH	BUSINESS ADM.	650
		LORI STROUD	BUSINESS ADM.	650
		LORI STROUD	BUSINESS ADM.	650
		MICHELE CAPONE	ACCOUNTING/BUS. ADM.	650
		LORI STROUD	BUSINESS ADM.	650
		MILDRED DOBASH	BUSINESS ADM.	650
		MILDRED DOBASH	BUSINESS ADM.	650
		MILDRED DOBASH	BUSINESS ADM.	650
		LORI STROUD	BUSINESS ADM.	650
		MICHELE CAPONE	ACCOUNTING/BUS. ADM.	650
		LORI LASECKI	BUSINESS ADM.	1250
		LORI LASECKI	BUSINESS ADM.	1250
*TA	4141			10240
	4161	DAN SUDA	BUSINESS ADM.	650
		DAN SUDA	BUSINESS ADM.	650
*TA	4161			1300
	4163	CATHY BERNARDI	LOTUS 123	470
		DEBORAH ROWE	UNKNOWN - A.S. BUS.	159
		DEBORAH ROWE	UNKNOWN	159
*TA	4163			788

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - NETWORK SERVICES
 10/16/92

TYPE	RESP	NAME	DESC	TOTAL
	4164	MARY JANE ARNOLD	B.S. MATH	624
		SHERYL SANTAYANA	MANAGERIAL FINANCE-MBA	990
		MARY JANE ARNOLD	B.S. MATH	624
		MARY JANE ARNOLD	B.S. MATH	624
		MARY JANE ARNOLD	B.S. MATH	624
		SHERYL SANTAYANA	BUSINESS LAW-MBA	990
*TA 4164				4476
	4172	IRENE SEIGEL	MICRO ECONOMICS	624
		BETH SHUBILLA	MICRO ECONOMICS	624
		BETH SHUBILLA	MACRO ECONOMICS	624
*TA 4172				1872
	4173	KATHLEEN DUNN	BUSINESS LAW-A.S. BUSINESS	159
		SALLY DODSON	COMPUTERS-A.S. ENGINEERING	179
		KAREN WINTON	ACCOUNTING II - MBA FINANCE	803
		BARB MANUSCO	ENGLISH - A.S. BUS.	159
		JANICE LOHMANN	HUMAN RESOURCES -A.S. BUSINESS	154
		JANICE LOHMANN	HUMAN RESOURCES-A.S. BUSINESS	154
		JANICE LOHMANN	HUMAN RESOURCES-A.S. BUSINESS	154
		KAREN WINTON	ACCOUNTING II-MBA FINANCE	803
		BARB MANUSCO	ENGLISH-A.S. BUSINESS	159
		KATHLEEN DUNN	BUSINESS LAW-A.S. BUSINESS	159
		SALLY DODSON	COMPUTERS-A.S. ENGINEERING	179
*TA 4173				3062
	4181	CHRIS HARRISON	QUANTITATIVE METHODS	630
		CHRIS HARRISON	COMPUTING FOR BUSINESS	630
*TA 4181				1260
	4182	RALPH KELLY	ECON II ABA	480
		RALPH KELLY	ENG 014 ABA	480
*TA 4182				960
	4184	ANDY SEMAN	B.S. COMPUTER SCIENCE	765
		ANDY SEMAN	B.S. COMPUTER SCIENCE	765
		ANDY SEMAN	B.S. COMPUTER SCIENCE	765
*TA 4184				2295
	4211	JOHN SMITHKORS	MANAGEMENT	480

L-ED CORPORATION
 TELEPHONE DIVISION
 1993 WORK TIME REPORTING TRAINING - SUPPORT SERVICES

TYPE	RESS	NAME	DESC	TOTAL
=====	=====	=====	=====	=====
EXT	7401	FRANK SCHRAY	BELLCORE FCC	1100
+EXT	7491			1020
	7411	JERRY HALL	409 TELECOM	1290
+EXT	7411			1280
	7421	JEAN HUNTING JEAN HUNTING	DEPRECIATION CONF DEPRECIATION PROG	1400 1700
+EXT	7421			4120
	7431	JEFF BARTON LISA HARLE JEFF BARTON JEFF BARTON JEFF BARTON LINDA JONES CHERYL LEHARDY	NTI USERS CONFERENCE LEAG/BRADS DMS-10 COST OVERVIEW DMS-100 COST OVERVIEW CLASS OVERVIEW ASR WORKSHOP LEAG/BRADS	700 300 600 300 140 400 300
+EXT	7431			2800
	7900	DOUG ROBINSON DOUG ROBINSON	SONET & FIBER WORLD COST OVERVIEW	750 1230
+EXT	7900			2620
	7906	TOM SCHLISE DOUG BRODY DAVE BOOSA BOB JOHNSON JOE CICERO BOB MORRAL DOUG BRODY GERRY KAVANAGH	DMS-100 MERIDIAN LIGHTNING PROTECTION DMS-100 F1 SUPER FIBER OPTIC COMM. ADVANCED T-CARRIER MASTERING FIBER OPTICS POWER LINE INDUCTIVE INTERFERENCE	3100 1680 3370 3250 1800 3910 1860 2450
+EXT	7906			20530
	7915	JIM KEMMERER DENISE CHWIEJ JIM KEMMERER JIM KEMMERER	EAST. PA. SAFETY & HEALTH CONF PROJECT MANAGEMENT TEL. SAFETY PROF. DEV. CONF. NSC PRIN. OF ODD SAFETY/HEALTH	350 3400 1320 1160
+EXT	7915			3170
	7923	SUSAN BERNOW	STATISTICAL REGRESSIONS	7100

INTEL CORPORATION
 TELEPHONE DIVISION
 1993 HOUR TIME REPORTING TRAINING - SUPPORT SERVICES

TYPE	RESP	NAME	DESC	TOTAL
*EXT	7903			340
EXT	7934	DAVID HOFFMAN	PA TELCO SECURITY CONF.	140
*EXT	7934			140
	7985	WILLIAM BLANHETT	AMA INVENTORY CONTROL	1115
*EXT	7985			1115
*EXT				36735
INT	7431	DONNA KOTOVIDLAK	DDI: PERFORMANCE TRACKING	200
		DONNA KOTOVIDLAK	DDI: IDENTIFYING PERFORMANCE	200
		LINDA JONES	INTERVIEWING FOR JOB POSTINGS	50
		LISA HARLE	STRESS MANAGEMENT	200
*INT	7431			650
	7906	BOB MORRAL	MANAGEMENT DEVELOPMENT II	600
		BOB JOHNSON	MANAGEMENT DEVELOPMENT I	1000
		TOM SCALISE	MANAGEMENT DEVELOPMENT I	1000
*INT	7906			2600
	7910	PETE URBAN	MANAGEMENT DEVELOPMENT I	1000
*INT	7910			1000
	7915	JIM KEMMERER	PREVENTIVE DISCIPLINE	600
		DRAFT & MANAGEMENT	FIRST AID/CPR	5425
		DRAFT & MANAGEMENT	HIGH RISK DEFENSIVE DRIVING	2300
		DENISE CHAIKJ	MANAGEMENT DEVELOPMENT II	600
*INT	7915			8925
	7920	JEAN STEELE	PREVENTIVE DISCIPLINE	600
*INT	7920			600
	7923	ROSE EAGAN	MANAGEMENT DEVELOPMENT I	1000
		SUSAN BERKOW	NEGOTIATING SKILLS	400
*INT	7923			1400
	7930	PAT WERRICH	MANAGEMENT DEVELOPMENT II	600
		M.B. ALLES	MANAGEMENT DEVELOPMENT I	1000

L-TEC CORPORATION
TELEPHONE DIVISION
1990 NON TIME REPORTING TRAINING - SUPPORT SERVICES

TYPE	RESP	NAME	DESC	TOTAL
=====	=====	=====	=====	=====
ATA	7431	LISA MAHLE	BUS. 141 ADHPT. 1-200. ADH.	624
		LISA MAHLE	AMERICAN LIT. 1-BUS. ADH.	674
		LISA MAHLE	AMERICAN LIT. 10-BUS. ADH.	674
		CAROL HADSEL	PRINCIPLES OF MARKETING	624
		CAROL HADSEL	PRINCIPLES OF MANAGEMENT	624
		CAROL HADSEL	MACRO ECONOMICS	674
		CAROL HADSEL	MICRO ECONOMICS	674

ATA	7431			15090
	7914	JUDY GODEK	FINANCE-BUSINESS	795
		JUDY GODEK	ECONOMICS-BUSINESS	795
		JUDY GODEK	BUSINESS-BUSINESS	795

ATA	7914			2385
	7923	LUCAN DEANON	BUSINESS ADH.	600

ATA	7923			600
	7930	M.S. ALLEN	A.S. CIO	676
		M.S. ALLEN	A.S. CIO	676
		M.S. ALLEN	A.S. CIO	676
		M.S. ALLEN	A.S. CIO	676

ATA	7930			2704
	7934	DAVID HOFFMAN	MARKETING-BUSINESS ADH.	624
		DAVID HOFFMAN	BUSINESS LAW-BUSINESS ADH.	624
		DAVID HOFFMAN	TECHNICAL WRITING-BUSINESS ADH.	624
		DAVID HOFFMAN	HUMAN RELATIONS-BUSINESS ADH.	624

ATA	7934			2496
	7985	WILLIAM BLANNETT	COMPUTER INFO ED - B.S.	600
		WILLIAM BLANNETT	LITERATURE - B.S.	600
		WILLIAM BLANNETT	HISTORY - B.S.	600
		WILLIAM BLANNETT	LITERATURE - B.S.	600

ATA	7985			2400

ATA				26375

GRAND TOTAL				94555
=====	=====	=====	=====	=====

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Non Specific

Other

6535 Engineering

72,052

Primarily due to changes in engineering services (budget was based on attached memo).

ENGINEERING EXPENSE

The 1993 engineering expense budget is estimated to be \$1,800,000, which reflects provisions for inflation and additional engineering administration requirements.

\$1,488,000 has been allocated for general engineering with the majority of the expenditures budgeted for network planning to include: updating 30 exchange integrated network plans; further development of the transport network plan; developing a synchronization and timing reference plan; updating the software study. Also included in this amount is Special Services support to help alleviate problems with the Special Services process; Transport Network support to help address intercompany (LEC & IXC) coordination; and, engineering administrative support to further refine Spare Plug-In (spare parts) and Holding Account procedures.

\$240,000 has been allocated for Network and Traffic Administration to perform required traffic studies and help cutover the new RDC traffic system.

The remaining \$72,000 has been allocated for PBX trunk usage studies requested by Marketing and Sales for business customers.

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Non Specific
Other
6540 Access

65,676

See attached schedule for test year calculation.

Commonwealth Telephone Company
1992 Historical to 1993 Test Year
ITORP Access Expense

1992 Historical Year	\$7,215,221
Access Minute Growth	404,562
Rate Reduction	(108,000)
1993 Test Year	<u>\$7,511,783</u>

= 5.5% VS 3.75%
Lobby Toll Rev.
Increase

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Customer
Payroll

6623 Customer Services

44,468

Test year has been adjusted to compensate for 1992
vacancies in the following positions:

Account Executives (5 for varying periods)	35,397
Sales Manager (May - Dec)	7,004
Training & Implementation Coord. (Nov-Dec)	2,067

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Customer
Other

6613 Product Advertising

132,151

The test year reflects the attached product advertising plan.

Q-TEC CORPORATION
TELEPHONE GROUP
ADVERTISING BUDGET

	Budget 1993
4511 Business Sales	99,034
4541 Residential	238,200
4541 Local Long Distance Stimulation Campaign	92,000
4551 Bus Planning Support (911 Services)	9,076
4542 Inside Sales (Telemarketing)	1,005
Total Product Advertising	<u>439,315</u>
4501 Image Advertising	55,000
4505 Mgr. Planning/Development	5,000
Total Marketing Advertising	<u>499,315</u>

The types of expenditures for each RC is shown below:

PRODUCT ADVERTISING FOR RC 4541

1. Custom Calling - The advertising objective is to stimulate sales of custom calling features and maximize market penetration. A coordinated campaign is planned consisting of radio, billboards, and direct mail.

2 months of radio at \$4,000 each	\$ 8,000
Direct mail 100,000 at \$.25 each	25,000
Postage at \$.20 each	20,000
Billboards	4,000
Total	\$ 57,000

2. Voice Mail - This service is still in the developmental stage and the main objective is to create customer awareness and stimulate sales of this offering. Two campaigns are planned using radio, billboards, and direct mail.

4 months of radio at \$4,000 each	\$ 16,000
Direct mail 100,000 at \$.25 each	25,000
Postage at \$.20 each	20,000
Billboards	4,000
Total	\$ 65,000

3. Personal Ringing Service - This is a new service and the objective of the advertising efforts is to create awareness and stimulate sales. A coordinated campaign consisting of radio and direct mail is planned.

2 months of radio at \$6,000 each	\$ 12,000
Direct mail 75,000 at \$.25 each	18,750
Postage at \$.20 each	15,000
Total	\$ 45,750

4. CLASS - We are planning a CLASS trial in 1993. Our objective is to introduce these new services and create awareness through radio and direct mail.

Radio for two months in limited market	\$ 6,000
Direct Mail 25,000 at \$.25 each	6,250
Postage at \$.20 each	5,800
Total	\$ 18,050

5. Employee Sales Promotions - Several of these events will be used in conjunction with above campaigns to provide employee awards for achieving sales objectives.

Total	\$ 10,000
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6. Agency Services - These fees are paid to the advertising agency for creative, copy writing, production, media placement, etc. We do not have a signed agreement at this time. Charges may be on a monthly retainer or project basis.

Total \$ 40,000

7. Other Advertising Expense - An 800 Readyline Number will be used to track advertising effectiveness.

Ready-line Charge \$ 2,400

Total for RC 4541 \$238,200

PRODUCT ADVERTISING FOR RC 4511

1. Product Demonstrations These events are successful at generating sales leads and increasing customer interest levels for CTCO's products and services. Direct Mail will be used to distribute invitations for the product demonstrations. Promotion items with the CTCO logo will be provided to customers attending the event as a reminder of our commitment to business customers needs.

Postage \$737.76

Promo Items \$720.00

Total Cost \$1,457.76

2. Customer Appreciation Events

The events planned for 1993 will be regionalized to increase attendance of customers in our outlying territories. These events provide an informal setting to meet with our larger business customers to identifying potential revenue opportunities, supporting existing sales efforts, and protecting existing revenue streams generated from major accounts. (approximately \$13 million per year).

Invitations \$800.00

Postage \$290.00

Promo Items \$2,000.00

Other Promo Items \$12,000.00

Total \$15,090.00

3. Business Seminars - Two business seminars will educate multi-line business customers about new telecommunications technology and increase awareness CTCO's products and services. These events give customers the opportunity to answer questions and voice service concerns to CTCO Marketing, Sales, and Operations personnel.

Invitations \$1,200.00

Postage \$391.50

Promo Items \$2,250.00

Other Promo Items \$2,250.00

Misc \$1,500.00

Total \$7,591.50

4. Data Communication Seminars- The Business accounts group will begin to strategically target data communications services to the multi-line business customer base during 1993. Two data seminars will educate a large number of customers about data communications benefits and applications and to identify potential sales leads.

Invitations	\$800.00
Postage	\$145.00
Promo Items	\$1,500.00
Other Promo Items	\$1,500.00
Misc	\$1,000.00
Total	\$4,945.50

5. Data Education Materials- These materials will be used as handouts for the Data Seminars and as a leave behind materials for sales visits.

Printing	\$3,000.00
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6. CTCo Video- The video will provide a briefing of how Commonwealth Telephone Company is a complete telecommunications provider. The video will be given to potential PBX, large PASSKEY Centrex customers, and community affairs offices (ie. CAN-DO, Chamber of Commerce).

Printing	\$20,000.00
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7. Newsletters - Newsletters will serve as a telecommunications education maller that will be sent to customers each quarter. These pieces will increase customer awareness that CTCo handles all telecommunication needs within the multi-line business market establishing CTCo as a source of information on telecom matters.

Printing	\$12,000.00
Postage	\$ 3,480.00
Total	\$15,480.00

8. Sales Campaigns - These campaigns motivate Account Executives and Business Customer Service Representatives to surpass their individual sales objectives. Two programs are planned for the Account Executives during 1993. Several smaller incentive programs are planned for the Business Customer Service Representatives throughout 1993.

Employee Bonus	\$11,000.00
Support Materials	\$ 1,000.00
Total	\$12,000.00

9. Contact Appreciation- Thank you cards will be sent to customers who receive a sales proposal. Holiday cards & gifts will be sent at the end of the year. This will help increase positive relations with our customers.

Holiday Card Printing	\$2,000.00
Thank You Card Printing	\$1,000.00
Promo Items	\$5,000.00
Postage	\$870.00

Total	\$8,870.00
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10. Customer Handouts- Functional momentos will be provided to customers who purchase our telephone systems to show that we appreciate their business.

Misc Customer Handouts	\$10,000.00
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11. AT&T Ready-line - This number will be used to track the effectiveness of direct mail contact with our customers.

Ready-line charge	\$600.00
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Total for RC 4511	\$ 99,034.00
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911 ADVERTISING FOR RC 4551

Printing for 911 Items	\$ 2,176
Postage for 911 Items	4,900
Promotions-Community	2,000

Total for RC 4551	\$ 9,076
-------------------	----------

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Corporate
Payroll

6711 Executive

40,527

Differential in short term bonus accruals 26,450

Adjustment to mitigate the effect of fluctuations
in stock price on the outstanding Stock
Appreciation Rights. 14,077

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Corporate
Payroll

6721 Accounting and Finance (54,186)

Position eliminations:

Senior Manager, Special Projects (41,427)

Work Order Analyst (16,748)

Promotional increase for General Accounting
Manager 3,989

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Corporate
Other

6711 Executive

(2,193,182)

The variance is primarily due to fluctuations in Parent Management fees, which were budgeted based on the attached schedule.

CTCOBILL

CTEC SERVICES
BUDGETED ALLOCATED MANAGEMENT FEES
TOTAL EXPENSE

Account #	Description	1993
6113	Aircraft	852,703
6121	Land & Building	0
	Plant Specific	852,703
6534	Plant Operations Administration	0
6535	Engineering	0
	Plant Non Specific	0
6611	Product Management	0
6613	Product Advertising	0
	Customer	0
6711	Executive	5,079,942
6712	Planning	1,008
6721	Accounting and Finance	1,026,012
6722	External Relations	109,402
6723	Human Resources	1,637,763
6724	Information Management	99,719
6725	Legal	145,552
6728	Other G & A	975,899
	Corporate	9,075,297
	TOTAL	9,928,000

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Corporate
Other

6721 Accounting and Finance

66,130

The variance is primarily due to fluctuations in Parent Management fees, which were budgeted based on the attached schedule.

CTCOBILL

CTEC SERVICES
BUDGETED ALLOCATED MANAGEMENT FEES
TOTAL EXPENSE

Account #	Description	1993
6113	Aircraft	852,703
6121	Land & Building	0
	Plant Specific	852,703
6534	Plant Operations Administration	0
6535	Engineering	0
	Plant Non Specific	0
6611	Product Management	0
6613	Product Advertising	0
	Customer	0
6711	Executive	5,079,942
6712	Planning	1,008
6721	Accounting and Finance	1,026,012
6722	External Relations	109,402
6723	Human Resources	1,637,763
6724	Information Management	99,719
6725	Legal	145,552
6728	Other G & A	975,899
	Corporate	9,075,297
	TOTAL	9,928,000

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Corporate
Other

6722 External Relations

(88,869)

Reduction due to decrease in contracted services
related to Equal Access balloting. (88,869)

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Corporate
Other

6723 Human Resources

111,490

The variance is primarily due to fluctuations in Parent Management fees, which were budgeted based on the attached schedule.

CTCOBILL

CTEC SERVICES
BUDGETED ALLOCATED MANAGEMENT FEES
TOTAL EXPENSE

Account #	Description	1993
6113	Aircraft	852,703
6121	Land & Building	0
	Plant Specific	852,703
6534	Plant Operations Administration	0
6535	Engineering	0
	Plant Non Specific	0
6611	Product Management	0
6613	Product Advertising	0
	Customer	0
6711	Executive	5,079,942
6712	Planning	1,008
6721	Accounting and Finance	1,026,012
6722	External Relations	109,402
6723	Human Resources	1,637,763
6724	Information Management	99,719
6725	Legal	145,552
6728	Other G & A	975,899
	Corporate	9,075,297
	TOTAL	9,928,000

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Corporate
Other

6728 Other G & A

126,159

The variance is primarily due to fluctuations in Parent Management fees, which were budgeted based on the attached schedule.

CTCOBILL

CTEC SERVICES
BUDGETED ALLOCATED MANAGEMENT FEES
TOTAL EXPENSE

Account #	Description	1993
6113	Aircraft	852,703
6121	Land & Building	0
	Plant Specific	852,703
6534	Plant Operations Administration	0
6535	Engineering	0
	Plant Non Specific	0
6611	Product Management	0
6613	Product Advertising	0
	Customer	0
6711	Executive	5,079,942
6712	Planning	1,008
6721	Accounting and Finance	1,026,012
6722	External Relations	109,402
6723	Human Resources	1,637,763
6724	Information Management	99,719
6725	Legal	145,552
6728	Other G & A	975,899
	Corporate	9,075,297
	TOTAL	9,928,000

June 10, 1993

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

Re: Pennsylvania Public Utility Commission v. Commonwealth
Telephone Company, Docket No. I-920020

Dear Secretary Alford:

Enclosed please find additional workpapers for the Company's
test year adjustments for the following accounts:

Payroll

6532	-	Network Administration
6533	-	Testing
6535	-	Engineering
6711	-	Executive
6728	-	Other G&A

Other

6232	-	Circuit Equipment
6421	-	Aerial Cable
6423	-	Buried Cable
6532	-	Network Administration
6533	-	Testing
6540	-	Access
6621	-	Call Completion
6622	-	Number Services

In addition, we also enclose the calculation of the 1993 allocation
formula. These documents are to be included in CTCO's Exhibit DPC-
8. As evidenced by the attached Certificate of Service, all
parties of record have received a copy of same.

John G. Alford, Secretary
PA Public Utility Commission
June 10, 1993
Page 2

Thank you for your attention to this matter.

Sincerely,

TUCKER ARENSBERG, P.C.


NORMAN JAMES KENNARD

NJK/dmb
c:\co\inv2\accounts.ltr

Enclosure

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

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

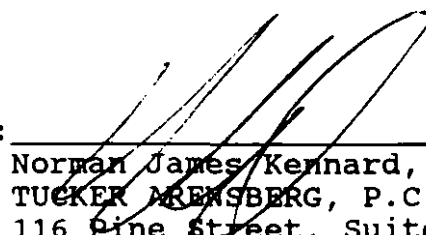
CERTIFICATE OF SERVICE

I hereby certify that, on this 10th day of June, 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

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

Mark Keffer, Esquire
c/o Mary Sprunk
AT&T
214 Senate Avenue, Suite 200
Camp Hill, PA 17011

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

DETAILED WORKPAPERS ARE ATTACHED FOR THE FOLLOWING COMPANY
ADJUSTMENTS:

PAYROLL

6532	Network Administration (Exhibit 1)	42,811
6533	Testing (Exhibit 2)	160,817
6535	Engineering (Exhibit 3)	(31,019)
6711	Executive provide support (Exhibit 4)	40,527
6728	Other C&A reconcile with letter (Exhibit 5)	161,849

OTHER

6232	Circuit Equipment (Exhibit 6)	(25,357)
6241	Aerial Cable (Exhibit 7)	144,512
6241	Buried Cable (Exhibit 7)	(116,124)
6532	Network Administration (Exhibit 8)	36,668
6533	Testing (Exhibit 9)	106,512
6540	Access (Exhibit 10)	65,676
6621	Call Completion Services (Exhibit 11)	18,153
6622	Number Services (Exhibit 12)	19,226

CORPORATE MANAGEMENT FEES

1993 ALLOCATION FORMULA
(Exhibit 13)

Commonwealth Telephone Company
1992 Historical to 1993 Test Year
6532 Network Administration - Payroll

Overtime levels for the assignment service representatives in the future test year were obtained from operations management. The monthly overtime percentages are reflected on the attached schedule. 33,409

1992 vacancies for Service Reps - Assignment 9,402
(Equivalent of 1 person for approximately 7.5 months)

Total 42,811

OVERTIME REPORT FOR EMPLOYEES IN CURRENT SYSTEM FOR 1993
 REPORT DATE: 10/16/92 RUN TIME: 09.50

MONTHLY OVERTIME AMOUNTS IN PERCENT

NO	EMP NUM NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
4173	0741	02	02	04	02	07	15	17	17	12	09	04	03
	0769	2	2	4	6	7	15	17	17	12	9	4	3
	0936	2	2	4	6	7	15	17	17	12	9	4	3
	0847	2	2	4	6	7	15	17	17	12	9	4	3
	0913	2	2	4	6	7	15	17	17	12	9	4	3
	0936	2	2	4	6	7	15	17	17	12	9	4	3
	1052	2	2	4	6	7	15	17	17	12	9	4	3
	1080	2	2	4	6	7	15	17	17	12	9	4	3
	1179	2	2	4	6	7	15	17	17	12	9	4	3
	1205	2	2	4	6	7	15	17	17	12	9	4	3
	1230	2	2	4	6	7	15	17	17	12	9	4	3
	0900	2	2	4	6	7	15	17	17	12	9	4	3
	1349	2	2	4	6	7	15	17	17	12	9	4	3
	1393	2	2	4	6	7	15	17	17	12	9	4	3
	2106	2	2	4	6	7	15	17	17	12	9	4	3
	2208	2	2	4	6	7	15	17	17	12	9	4	3
	2277	2	2	4	6	7	15	17	17	12	9	4	3
	0040	2	2	4	6	7	15	17	17	12	9	4	3

Commonwealth Telephone Company
1992 Historical to 1993 Test Year
6533 Testing - Payroll

During the course of the reorganization, the Accounting Department reviewed the function of each affected operations group. Discussions were held with operations management to determine proper Part 32 classifications. As a result of these discussions, assignment of Part 32 account numbers were made on a prospective basis.

160,817

(See attached schedule for total expense changes)

DETAIL NATURAL DESCRIPTION
 ACCT. ACCOUNT

MONTHS
 ACTUAL

YEAR
 ACTUAL

11110 SALARIES DIRECT
 000425 NSC SUPERVISOR
 SUBTOTAL
 DETAIL ACCOUNT TOTAL

0
 0
 0

30,438
 30,438
 30,438

11120 SAL/TRFD CLG

000425 NSC SUPERVISOR
 SUBTOTAL
 621210 DIG C.O. EQUIP
 621240 DIG REMOTE
 621250 DIG CNT 1ST EQ
 631100 STATION APPAR
 636203 STAY CONN CLR
 642151 AER METAL CBL
 642351 BURIED NET CBL
 SUBTOTAL
 653302 TEST/DISPATCH
 653303 TEST/TESTING
 653400 PLNT OPER ADMN
 SUBTOTAL
 DETAIL ACCOUNT TOTAL

0
 0
 0
 0
 0
 0
 0
 0
 0
 0
 0
 0
 0

30,438
 30,438
 4,826
 76
 22,812
 3
 277
 0
 0
 27,994
 1,351
 152
 160
 1,643
 801

2111 WAGES/CRFT/REG

000025 NSC SWITCHMAN
 SUBTOTAL
 DETAIL ACCOUNT TOTAL

0
 0
 0

45,328
 45,328
 45,328

112 WAGES/CRFT/OT

DETAIL NATURAL ACCT. ACCOUNT	DESCRIPTION	MONTH ACTUAL	YEAR ACTUAL
------------------------------	-------------	--------------	-------------

000025	N5C SWITCHMAN	0	4,007
	SUBTOTAL	0	4,007

DETAIL ACCOUNT TOTAL		0	4,007
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12113 WAGES/CRFT/DT

000025	N5C SWITCHMAN	0	27,653
	SUBTOTAL	0	27,653

DETAIL ACCOUNT TOTAL		0	27,653
----------------------	--	---	--------

12120 WAGE/CRFT/CLRD

000025	N5C SWITCHMAN	0	176,988
	SUBTOTAL	0	176,988

621210	DIG C.O. EQUIP	0	30,178
621240	DIG REMOTE	0	448
621250	DIG CNT 1ST EQ	0	143,952
631100	STATION APPAR	0	17
636203	STAT COWN CLR	0	1,763
642151	AER METAL CBL	0	0
642351	BURIED MET CBL	0	0
	SUBTOTAL	0	176,358

653302	TEST/DISPATCH	0	9,223
653303	TEST/TESTING	0	4,235
	SUBTOTAL	0	4,988

DETAIL ACCOUNT TOTAL		0	4,358
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13104 S&W TRD M&S ID

621210	DIG C.O. EQUIP	0	165
636204	CUST PREM WIRE	0	20
	SUBTOTAL	0	185

50
20
3
0
10
10

DETAIL NATURAL ACCT.	DESCRIPTION ACCOUNT	MONTH ACTUAL	YEAR ACTUAL
11110	SALARIES DIRECT		
653303	TEST/TESTING	4,806	12,816
	SUBTOTAL	4,806	12,816
	DETAIL ACCOUNT TOTAL	4,806	12,816
12111	WAGE/CRFT/REG		
653303	TEST/TESTING	20,785	65,090
	SUBTOTAL	20,785	65,090
	DETAIL ACCOUNT TOTAL	20,785	65,090
12112	WAGE/CRFT/OT		
653303	TEST/TESTING	1,704	2,344
	SUBTOTAL	1,704	2,344
	DETAIL ACCOUNT TOTAL	1,704	2,344
2113	WAGE/CRFT/OT		
653303	TEST/TESTING	3,744	11,935
	SUBTOTAL	3,744	11,935
	DETAIL ACCOUNT TOTAL	3,744	11,935
2120	WAGE/CRFT/CIRD		
653303	TEST/TESTING	0	3,556
	SUBTOTAL	0	3,556
	DETAIL ACCOUNT TOTAL	0	3,556

Commonwealth Telephone Company
1992 Historical to 1993 Test Year
6535 Engineering - Payroll

All of the payroll for the eliminated positions was not charged to Engineering expense. A portion of their time was capitalized.

(31,019)

Commonwealth Telephone Company
1992 Historical to 1993 Test Year
6711 Executive - Payroll

Short Term Bonus

1992 Bonus Accrual (Based on 35% of annual budgeted salary)	48,660	
1991 Accrual adjustment	<u>(8,800)</u>	
1992 Net Bonus Expense	39,860	
1993 Bonus Accrual (Based on 50% of annual budgeted salary)	<u>73,860</u>	
Variance (Total Company Basis)	<u>34,000</u>	
Intrastate Variance @ 1993 rates		<u>26,450</u>

Stock Appreciation Rights

The future test year does not contain any
expense related to this item. 1992 reflected
a decrease in stock price.

14,077

Total

40,527

COMMONWEALTH TELEPHONE COMPANY
 INTRASTATE EXPENSES
 DPC-4 OTHER ADJUSTMENTS

CORPORATE BENEFITS

6728 Other G&A

161,849

	Qualifying Payroll	Pension Cr. Allocation
	-----	-----
CTCo	18,641,000	9,000
Other Affiliates	17,405,000	9,000
Total	<u>36,046,000</u>	<u>18,000</u>
	=====	=====

	Historical Test Year	Future Test Year	Change
	-----	-----	-----
Pension Income	(313)	(9)	304
Capital, Net	56	(37)	(93)
Net Pension Cr.	<u>(257)</u>	<u>(46)</u>	<u>(211)</u>
	=====	=====	=====

Change to net pension credit after application of regulated and intrastate separation factors. (164,255)

Rate differential 1993 vs 1992 2,404

 161,849
 =====

Commonwealth Telephone Company
 1992 Historical to 1993 Test Year
 6232 Circuit Equipment - Other

		31,832
Inventory write down to reflect the lower of cost or market in 1992		
Inflation rate	X	<u>0.032</u>
Inflation		1,019
		<u>31,832</u>
Regulated Variance		<u>32,851</u>
1992 write offs		(31,832)
Intrastate Rate	X	<u>0.8099</u>
		(25,781)
Rate Differential and Other, net		<u>424</u>
		<u>(25,357)</u>

Commonwealth Telephone Company
1992 Historical to 1993 Test Year
6421 Aerial Cable - Other
6423 Buried Cable - Other

6421 Aerial Cable - Other	<u>144,512</u>
6423 Buried Cable - Other	<u>(116,124)</u>

The material expense in the future test year was developed by calculating an average material cost per repair hour for 1992. An inflationary increase was then applied. The revised rate was then applied to the future test year labor hours. (See Schedule attached)

Page 2 of 4

COMMONWEALTH TELEPHONE COMPANY
MATERIAL EXPENSE
1993

LG 002	Repair	Routine Maint	Total Repair Hrs	Monthly Budget	Total Budget
4315	2,030	1,513	3,543	791	9,492
4316	7,399	2,053	9,452	2,109	25,308
4334	2,153	1,180	3,333	744	8,928
4335	4,329	115	4,444	992	11,904
4336	1,771	238	2,009	448	5,376
4337	4,199	324	4,523	1,009	12,108
4338	2,335	281	2,616	584	7,008
4355	3,496	1,049	4,545	1,014	12,168
4356	1,907	408	2,315	517	6,204
4357	5,229	180	5,409	1,207	14,484
4375	3,029	310	3,339	745	8,940
4376	1,827	171	1,998	446	5,352
4377	1,416	134	1,550	346	4,152
4378	4,067	1,396	<u>5,463</u>	<u>1,219</u>	<u>14,628</u>
			<u>54,539</u>	<u>12,171</u>	<u>146,052</u>

LG 003

7315	1,536	943	2,479	250	3,000
7316	2,799	346	3,145	317	3,804
7334	1,062	452	1,514	153	1,836
7335	2,633	367	3,000	302	3,624
7336	1,257	367	1,624	164	1,968
7337	1,945	578	2,523	254	3,048
7338	1,359	356	1,715	173	2,076
7355	906	200	1,106	112	1,344
7356	1,784	312	2,096	211	2,532
7357	1,366	158	1,524	154	1,848
7375	407	803	1,210	122	1,464
7376	996	788	1,784	180	2,160
7377	498	394	892	90	1,080
7378	2,222	780	<u>3,002</u>	<u>303</u>	<u>3,636</u>
			<u>27,614</u>	<u>2,785</u>	<u>33,420</u>

MATERIAL EXPENSE

1993

LG 002	Total Monthly Budget	68.28% 6421	19.10% 6423	12.62% 6351	RC Total Budget
4315	791	540	151	100	9,492
4316	2,109	1,440	403	266	25,308
4334	744	508	142	94	8,928
4335	992	677	189	125	11,892
4336	448	306	86	57	5,388
4337	1,009	689	193	127	12,108
4338	584	399	112	74	7,020
4355	1,014	692	194	128	12,168
4356	517	353	99	65	6,204
4357	1,207	824	231	152	14,484
4375	745	509	142	94	8,940
4376	446	305	85	56	5,352
4377	346	236	66	44	4,152
4378	<u>1,219</u>	<u>832</u>	<u>233</u>	<u>154</u>	<u>14,628</u>
	<u>12,171</u>	<u>8,310</u>	<u>2,326</u>	<u>1,536</u>	<u>146,064</u>

COMMONWEALTH TELEPHONE COMPANY
MATERIAL EXPENSE
1993

LG 003	Total Monthly Budget	71.45% 6421	28.55% 6423	RC Total Budget
7315	250	179	71	3,000
7316	317	226	91	3,804
7334	153	109	44	1,836
7335	302	216	86	3,624
7336	164	117	47	1,968
7337	254	181	73	3,018
7338	173	124	49	2,076
7355	112	80	32	1,344
7356	211	151	60	2,532
7357	154	110	44	1,848
7375	122	87	35	1,464
7376	180	129	51	2,160
7377	90	64	26	1,080
7378	<u>303</u>	<u>216</u>	<u>87</u>	<u>3,636</u>
	<u>2,785</u>	<u>1,989</u>	<u>796</u>	<u>33,420</u>

Commonwealth Telephone Company
1992 Historical to 1993 Test Year
6532 Network Administration - Other

1992 Historical Year		194,552
1993 Future Test Year		<u>240,000</u>
Variance		45,448
Intrastate Rate	X	<u>0.78482</u>
		35,668
Rate Differential and Other, net		<u>1,000</u>
Variance		<u>36,668</u>

Commonwealth Telephone Company
 1992 Historical to 1993 Test Year
 6533 Testing - Other

Official Company Tolls
 WATS

1992 Regulated		27,151	
Inflation		<u>869</u>	
		28,020	
1992 Intrastate rate	X	<u>0.77039</u>	
Adjusted 1992 base			21,586
1993 Regulated		41,830	
1993 Intrastate rate	X	<u>0.78482</u>	
1993 Test Year			<u>32,829</u>
Increase due to change in service			<u>11,243</u>
Additional lines due to new function			<u>15,474</u>

During the course of the reorganization, the Accounting Department reviewed the function of each affected operations group. Discussions were held with operations management to determine proper Part 32 classifications. As a result of these discussions, assignment of Part 32 account numbers were made on a prospective basis.

35,757

Total Official Company Tolls

62,474

Employee expenses which follow the payroll distribution. These costs are classified by function. Please refer to Testing - Payroll for additional explanation.

9,061

Training expense increases due to requirements of new functions. A detailed training list was previously provided.

34,777

Total Testing - Other

106,312

Commonwealth Telephone Company
1992 Historical to 1993 Test Year
6540 Access - Other

ITORP Access Expense

1992 Historical Year		\$7,215,221
Access Minute Growth @ Inflation rate		230,886
Growth in excess of inflation (5.6% growth assumed)	173,676	
Rate Reduction	<u>(108,000)</u>	
		<u>65,676</u>
1993 Test Year		<u>\$7,511,783</u>

Commonwealth Telephone Company
1992 Historical to 1993 Test Year
6621 Call Completion - Other

1992 Historical Year	\$802,067
Inflation	25,667
Growth in excess of inflation (5.5% growth assumed)	<u>18,153</u>
1993 Test Year	<u>\$845,887</u>

Commonwealth Telephone Company
1992 Historical to 1993 Test Year
6622 Number Services - Other

Costs of adding EAS Points to directories	\$18,463
Foreign directory growth in excess of inflation	1,503
Bell directory assistance costs - growth less than inflation	<u>(740)</u>
	<u>\$19,226</u>

1993

	EXPENSES	ASSETS	EMPLOYEES	ALLOCATION %
CTCO	59,219 36.53%	492,706 67.39%	612 47.22%	50.38%
OTHER AFFILIATES	102,897	238,379	684	
	162,116	731,085	1,296	

COMMONWEALTH TELEPHONE COMPANY & Ed- PWM-1
STATEMENT NO. 4

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IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

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:
:
:
DOCKET NO. I-00920020
:
:

COMMONWEALTH TELEPHONE COMPANY

DIRECT TESTIMONY OF
PAUL W. MAZZA
ON BEHALF OF
COMMONWEALTH TELEPHONE COMPANY

CONCERNING: AFFILIATED RELATIONSHIPS

DOCKETED
JUL 16 1993

REC'D
P. U. C.
REG. CONTROL DIV.
JUL 16 1993

DOCUMENT
FOLDER

Dated: May 4, 1993

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 4

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DIRECT TESTIMONY OF
PAUL W. MAZZA
ON BEHALF OF
COMMONWEALTH TELEPHONE COMPANY

CONCERNING: AFFILIATED RELATIONSHIPS

Dated: May 4, 1993

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 4
Paul W. Mazza

1 Q PLEASE STATE YOUR FULL NAME, TITLE AND BUSINESS ADDRESS.

2 A My name is Paul W. Mazza. I am the Executive Vice-President
3 of Commonwealth Telephone Company ("CTCO"). My business
4 address is 100 Lake Street, Dallas, Pennsylvania 18612.

5 Q PLEASE DESCRIBE YOUR EMPLOYMENT BACKGROUND.

6 A I have been employed by C-TEC Corporation for 22 years
7 including 12 years with CTCO and ten years as Executive Vice
8 President of Commonwealth Cable Systems, Inc.

9 Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

10 A I am an Honors graduate of King's College in Wilkes-Barre,
11 Pennsylvania with a Bachelor's Degree in Sociology. I also
12 hold a Master's Degree in Psychology from Penn State
13 University.

14 Q DO YOU BELONG TO ANY PROFESSIONAL OR INDUSTRY ORGANIZATIONS?

15 A I am a member of the Pennsylvania Telephone Association
16 ("PTA") serving on that organization's Board of Directors and
17 Executive Committee. I am also a member of OPASTCO
18 (Organization for the Protection and Advancement of Small
19 Telephone Companies). In addition, I am a member of the
20 Telephone Pioneers of Pennsylvania. I have also served on
21 numerous PTA and USITA (predecessor organization of USTA)

COMMONWEALTH TELEPHONE COMPANY
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Paul W. Mazza

1 committees.

2 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

3 A The purpose of my testimony is to discuss CTCO's affiliated
4 relationships. Specifically, I will be describing the nature
5 of services provided by CTCO to certain of its affiliates and
6 the associated costs to CTCO for provision of those services.
7 Further, I will be discussing services provided to CTCO by
8 certain affiliates and the associated costs to CTCO of those
9 services.

10 **Q DOES CTCO RECEIVE SERVICES FROM ANY AFFILIATES?**

11 A Yes, it does. CTCO also provides services to affiliates.

12 **Q DO CTCO AND ITS RATEPAYERS BENEFIT FROM ITS AFFILIATED**
13 **TRANSACTIONS?**

14 A Yes. Specific benefits accrue to CTCO from its affiliated
15 relationships. Reliance upon affiliates for provision of
16 specific services and functions is clearly more efficient and
17 cost-effective than reliance on such services within the CTCO
18 organization. These CTCO affiliates, which I will discuss in
19 greater detail later, were formed for the specific purpose of
20 providing services to the entire C-TEC organization. These

COMMONWEALTH TELEPHONE COMPANY
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Paul W. Mazza

1 affiliates have been staffed with the appropriate personnel
2 trained to provide specific services and functions to other
3 members of the C-TEC organization, including CTCO.

4 These specific services are centered within single
5 organizations and, therefore, other CTCO affiliates avoid the
6 need to dedicate resources necessary for provision of such
7 services within their own organizations. Thus, reliance on
8 affiliates to perform specific services and functions on an
9 organization-wide, continuing basis to the entire C-TEC
10 organization, including CTCO, is more efficient and better
11 utilizes economies of scale than creation of separate,
12 duplicate functions within each individual CTCO affiliate.

13 Moreover, reliance upon affiliates results in greater
14 technology utilization and user productivity because the
15 affiliate is more fully applying the benefits of its own
16 technology and skilled personnel over the entire affiliate
17 organization versus concentrating such benefits within a
18 specific organization.

19 Also, duplication of function is avoided to the extent
20 that specific services and functions for the entire C-TEC
21 organization are focused within a specific affiliate unit.

22 A further benefit is a higher quality of service which
23 results when the best available personnel and technology are

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 4
Paul W. Mazza

1 concentrated within a specific affiliate. By relying on
2 affiliates, the most skilled personnel available may be
3 recruited, trained and assigned to appropriate tasks within a
4 particular affiliate in the C-TEC organization.

5 Unquestionably, CTCO and its ratepayers benefit from the
6 services provided by its various affiliates.

7 **Q HOW DO RATEPAYERS BENEFIT FROM CTCO'S AFFILIATED TRANSACTIONS?**

8 **A** CTCO ratepayers benefit to the extent that services provided
9 to CTCO by its affiliates are performed in a more efficient,
10 cost-effective and higher quality manner than if such services
11 were provided within the CTCO organization. CTCO ratepayers
12 benefit because specific corporate functions which CTCO
13 obviously needs (such as finance, accounting, human resources,
14 legal, etc.), are performed by a functionally specific
15 affiliated entity which provides the same services to the
16 entire C-TEC organization. Further, ratepayers benefit to
17 the extent the regulated entity, CTCO, avoids duplicating the
18 function performed by the affiliate. CTCO affiliates
19 providing specific services to CTCO charge only for the
20 specific costs of such services and are reimbursed
21 accordingly.

22 CTCO and its ratepayers also benefit from services

COMMONWEALTH TELEPHONE COMPANY
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Paul W. Mazza

1 provided by CTCO to its affiliates because CTCO accrues
2 revenues from provision of such services which accordingly
3 reduce CTCO's overall revenue requirement.

4 Q MR. MAZZA, COULD YOU PLEASE DISCUSS THE MANAGEMENT EFFICIENCY
5 AUDIT OF CTCO?

6 A In 1986, Temple, Barker & Sloan ("TBS") were chosen by the PA
7 PUC to conduct a management audit of CTCO. The purpose of the
8 audit was to assess the economy, efficiency and effectiveness
9 of C-TEC/CTCO management and operations. The scope of the
10 management efficiency audit included interviews with
11 individuals at all levels of the C-TEC corporation and an
12 examination of relevant company records.

13 In January 1987, TBS issued its final report containing
14 108 recommendations for improvement, as well as an overall
15 rating for each CTCO function examined.

16 Overall, C-TEC/CTCO received excellent reviews from the
17 TBS audit. C-TEC/CTCO responded in February 1987 with an
18 implementation plan indicating that: 40 of the
19 recommendations had been implemented; 49 were in the initial
20 steps of being implemented; and 19 required long-range
21 development plans before they could be implemented. The
22 Commission made the audit report public on March 26, 1987 and

COMMONWEALTH TELEPHONE COMPANY
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1 directed CTCO to: (i) proceed expeditiously with its
2 implementation plan; and (ii) submit annual progress reports
3 for three years.

4 CTCO submitted its implementation plan updates in a
5 timely fashion. The final implementation update was submitted
6 in March, 1991.

7 In January 1990, the Commission Management Audit Staff
8 conducted a Management Efficiency Investigation ("MEI") to
9 review CTCO's success in implementing the 108 prior
10 recommendations and found the vast majority had been
11 implemented or were in progress. Commission Management Audit
12 review indicated that 79 of the 108 recommendations had been
13 implemented, 13 were in progress, and 16 were not implemented
14 as of that date. None of the recommendations had been
15 rejected.

16 Since that time, CTCO has satisfied all but two of the
17 recommendations which the 1990 MEI listed as in progress or
18 not implemented. One recommendation, nightly billing (i.e.,
19 daily billing cycles), rather than the current six cycles per
20 month is impractical, unwieldy and ill-advised. The other,
21 centralized inventory, is still under review.

COMMONWEALTH TELEPHONE COMPANY
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Paul W. Mazza

1 Q COULD YOU DESCRIBE MORE SPECIFICALLY THE FINDINGS OF THE TBS
2 AUDIT RELATIVE TO TRANSACTIONS BETWEEN CTCO AND ITS
3 UNREGULATED AFFILIATES?

4 A The TBS audit made numerous favorable findings regarding
5 CTCO's relationship with its affiliates. These findings were
6 as follows:

- 7 • The current C-TEC management philosophy regarding
8 the appropriate level and type of corporate
9 services was viewed as evolving in an appropriate
10 direction. (TBS Audit, III-45)
- 11 • Most corporate management services were services
12 that needed to be provided by all C-TEC entities
13 and could best be provided centrally, by one
14 company. (TBS Audit, II-9,10)
- 15 • C-TEC was attempting to minimize corporate services
16 and provide only core services needed to support
17 the subsidiaries. The audit noted that recently C-
18 TEC has taken appropriate steps to move functions
19 that are more closely related to a specific entity
20 from C-TEC to that entity. (TBS Audit, III-45)
- 21 • C-TEC has attempted to maximize the level of costs
22 that were charged directly, rather than allocated,
23 and, thus, had minimized the regulatory charges
24 that must be allocated. Further, C-TEC was
25 developing a universal time sheet for use by all
26 employees of all affiliates. (TBS Audit, III-45)
- 27 • The audit noted that senior managers of the
28 unregulated businesses were strong advocates for:
29 (i) providing a minimum level and number of
30 corporate functions; (ii) directly charging for as
31 many corporate functions as possible; and (iii)
32 minimizing the amount of corporate management costs
33 that must be allocated. (TBS Audit, III-45)

COMMONWEALTH TELEPHONE COMPANY
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- 1 • In 1986, C-TEC implemented a positive time
2 recording system using universal time sheets. This
3 provided C-TEC with more accurate accounting of
4 employee time spent on regulated and unregulated
5 businesses. (TBS Audit, III-47)

- 6 • C-TEC has made improvements in developing
7 assignment and allocation methodologies for
8 corporate costs. (TBS Audit III-48)

- 9 • The methods used to bill for direct, out-of-pocket
10 costs and expenses appeared reasonable. CTCO
11 appeared to be fully reimbursed for costs of
12 providing services and products to its affiliates.
13 (TBS Audit, III-33)

- 14 • The methods used to bill for labor were appropriate
15 although the audit did not examine in detail the
16 development of labor loadings for each labor class.
17 (TBS Audit, III-33)

- 18 • The use of CTCO personnel by other C-TEC entities
19 did not result in any negative service impacts on
20 CTCO customers. CTCO personnel were made available
21 to other C-TEC entities only when their absence
22 would not affect scheduled work for the telephone
23 company. (TBS Audit, III-35)

24 The audit further examined the affiliate relationship between
25 C-TEC's predecessor, Commonwealth Telephone Enterprises,
26 ("CTE") and CTCO. CTE provided a number of management
27 services for CTCO and other affiliates. These services are
28 now provided by C-TEC Services, Inc. and C-TEC Financial
29 Services, Inc. and include such functions as human resources,
30 accounting and auditing, tax, finance, insurance, public
31 relations, and legal. Thus, the provision of services by
32 affiliates is not a new development for CTCO. (TBS Audit,

COMMONWEALTH TELEPHONE COMPANY
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1 III-33)

2 The TBS audit further made a number of recommendations
3 regarding C-TEC/CTCO treatment of affiliated interests. The
4 majority of these recommendations were implemented as follows:

- 5 • CTCO implemented an annual report as of December
6 31, 1989 for purposes of showing all inter-entity
7 transactions with C-TEC and unregulated businesses.
8 That report was intended to show: (i) the method
9 used to establish prices and rates for products and
10 services provided to the unregulated entities; (ii)
11 a comparison of prices and rates charged by their
12 vendors for comparable products and services; and
13 (iii) the total number of hours by function
14 provided to each entity. (TBS Recommendation, III-
15 8)
- 16 • CTCO further developed policies and procedures
17 guidelines for cross-charging C-TEC. (TBS
18 Recommendation, III-9)
- 19 • Beginning in December, 1989, the internal audit was
20 to include, as part of its annual audit program, a
21 detailed review of the affiliate transactions of
22 CTCO including verification of time sheet
23 reporting, development of labor-loading rates and
24 verification of accuracy of transactions between
25 entities. (TBS Recommendation, III-10)
- 26 • CTCO further updated and finalized its affiliated
27 agreements with C-TEC and the current subsidiaries.
28 Affiliated interest agreements were modified to
29 include specific instructions for determining
30 prices that should be charged for inter-entity
31 transactions. (TBS Recommendation, III-11)
- 32 • CTCO required that any employee of C-TEC who
33 provides services, directly or indirectly billable
34 to CTCO, should keep time sheets showing the time
35 reported by specific codes representing all
36 activities, entities and services. (TBS
37 Recommendation, III-12)

COMMONWEALTH TELEPHONE COMPANY
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Paul W. Mazza

- 1 • Since mid-1986, CTCO has worked with C-TEC to
2 proceed with its plan to emphasize direct charging
3 for as many services as possible. For allocated
4 expenses, CTCO's payment for services provided by
5 C-TEC was to be calculated on the basis of a three-
6 factor allocation formula which gives equal weight
7 to three factors: (i) number of full-time
8 employees; (ii) gross assets; and (iii) operating
9 expenses. (TBS Recommendation, III-11, 12 & 14)
- 10 • CTCO worked to ensure that C-TEC maintains access
11 to books, records, bills, accounts and other
12 documents that describe accounting for costs
13 incurred by C-TEC and costs billed to CTCO. (TBS
14 Recommendation, III-16)
- 15 • Since August, 1988, the internal audit of C-TEC has
16 included the year's annual review of audits and a
17 detailed review of the management services provided
18 by C-TEC for CTCO. That audit includes: (i) an
19 analysis of direct procedures; (ii) a review of
20 compliance with positive time sheet reporting;
21 (iii) an examination of the loading rates for labor
22 hours charged; and (iv) an evaluation of the
23 appropriateness of charges by methodologies used
24 for other services.

25 Based on the conclusions and implemented recommendations of
26 the TBS audit, CTCO's affiliate relationships were deemed
27 reasonable and appropriate by TBS, an objective third party
28 evaluator selected by the Commission. Indeed, the TBS audit
29 praised and validated CTCO's corporate philosophy of reliance
30 upon corporate affiliates for provision of specific functions
31 and services. Although certain shortcomings were detected in
32 C-TEC/CTCO's corporate affiliate practices as of 1987, all of
33 these have been corrected. Moreover, with subsequent
34 reorganization, I believe C-TEC and its affiliates are

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1 significantly improved, both structurally and operationally,
2 over the organization which existed in 1986.

3 Q PLEASE DESCRIBE THE CURRENT ORGANIZATION OF C-TEC AND ITS
4 AFFILIATES.

5 A Attached as Exhibit PWM-1 is a current organizational chart.
6 CTCO does business with only a limited few of these companies,
7 as discussed later in my testimony. Principal among these
8 are:

- 9 • C-TEC Services, Inc. ("C-TEC Services")
- 10 • Commonwealth Long Distance Company ("CLD")
- 11 • SRHC, Inc. ("SRHC")
- 12 • Commonwealth Communications, Inc. ("CCI")
- 13 • Tec-Air, Inc. ("Tec-Air")

14 Q DOES CTCO PROVIDE SERVICES TO ITS AFFILIATES?

15 A Yes, CTCO provides some limited services to its affiliates.
16 Provision of these services was approved by this Commission at
17 various dockets over the years.

18 In the category of general services, CTCO provided labor,
19 vehicle usage, copy center usage and the lock-box services in
20 1992. Labor is charged on the basis of fully loaded cost.
21 Vehicle usage is charged at a rate consistent with IRS
22 standard based upon mileage reported on trip tickets. Copy
23 center usage is provided on the basis of cost. Under the lock
24 box function, CTCO receives and processes payments on behalf

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1 of several affiliated companies. This service is priced based
2 upon cost plus a rate of return (8.81%).

3 Additionally, CTCO provides other services to CCI. The
4 cardkey system is owned by CTCO and rental charges are
5 collected based upon cost plus a rate of return (8.87%). The
6 price charged for providing emergency inventory services to
7 CCI is at CTCO's cost. The pricing of these services is at a
8 level consistent with the cost to CCI of obtaining them
9 elsewhere.

10 In addition to the general services described above, CTCO
11 also provides the following services to CLD: Billing and
12 collection; Answering service; Network access; Bill inserts;
13 and Calling card orders. A 10% mark-up is added to the basic
14 fully-loaded labor rate charged to CLD. Billing and
15 collection rates are negotiated and are very similar to those
16 charged to AT&T. Answering services provided to CLD are
17 charged on the basis of the highest labor rate for a PBX
18 operator. The access charges collected from CLD are those
19 found in our tariffs and are the same charged to all
20 interexchange carriers. Occasionally, CTCO is requested to
21 insert CLD information in its bills and charges to CLD are
22 based upon a pre-determined, cost-based rate schedule, which
23 is available to any interexchange carrier. With respect to

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1 calling card orders, CTCO processes services orders for CLD
2 calling cards, charging \$1.50 per new issue or change.

3 Included in the 1992 revenues are rental revenues from
4 CLD and C-TEC Cable for space rental at 100 Lake Street. With
5 the sale by CTCO of this property, CTCO is no longer the
6 landlord for CLD and C-TEC Cable. Also included is a rental
7 amount associated with a CTCO lease of telecommunications
8 tower space to NEPA, which will continue under pricing based
9 upon cost plus a rate of return (12.95%).

10 In 1992, CTCO charged a total of \$10,032,728 to
11 affiliates for services rendered. The 1992 transaction-by-
12 transaction detail of these charges has previously been
13 provided to the parties.

14 CTCO's ratepayers benefit from these transactions. To
15 the extent that CTCO has personnel, services or facilities
16 available at any given time which can be resold, the revenues
17 derived supplement the revenues from other services -- basic
18 dial tone service, for example. These transactions are not a
19 substantial portion of CTCO's business. However, the dollars
20 received represent a direct benefit to ratepayers. Of course,
21 the CTCO network and its subscribers have first call on any
22 and all services and, as discussed by Mr. Burnside, CTCO is
23 funded and staffed in a cost-efficient manner. However, from

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1 time to time, CTCO has the opportunity to resell services to
2 affiliates and, when it makes sense, it does so.

3 **Q DO AFFILIATES PROVIDE SERVICES TO CTCO?**

4 **A** Yes, as is discussed next in my testimony. Details of each
5 affiliate transaction has been previously provided to the
6 parties.

7 **Q PLEASE DESCRIBE THE SERVICES PROVIDED TO CTCO BY C-TEC**
8 **SERVICES.**

9 **A** The services provided to CTCO by C-TEC Services are critical
10 to our business operation and they include financial, legal,
11 human resources, executive, public relations and treasury. C-
12 TEC Services was formed in July 1990. The provision of
13 services was approved by the PA PUC on December 21, 1989 at
14 Docket No. G-890183.

15 **Q HOW ARE C-TEC SERVICES' CHARGEBACKS CALCULATED?**

16 **A** C-TEC Services' costs are charged back to CTCO according to
17 the PA PUC-approved method, based upon the recommendation of
18 Temple, Barker & Sloan. First, those C-TEC Services expenses
19 which are directly and specifically undertaken for a
20 particular affiliate (including CTCO) are directly assigned to

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1 that affiliate, primarily based upon time sheet reporting. In
2 1992, CTCO was directly assigned approximately \$610,000,
3 primarily related to executive, land and buildings, human
4 resources and legal.

5 Then, the remaining costs are allocated among C-TEC's
6 affiliates based upon a PUC-approved three-factor formula. In
7 1992, CTCO was allocated approximately \$11,871,000 of this
8 residual, based upon the following calculation:

9 CALCULATION OF 3 FACTOR FORMULA (1992)

	<u>CTCO</u>	<u>Other CTCO Affiliates</u>	<u>Total</u>
12 Expenses (\$,000)	54,458	80,215	134,673
13 (%)	40.44	59.56	100
14 Assets (\$,000)	447,669	190,958	638,627
15 (%)	70.10	29.90	100
16 Employees (#)	643	704	1,347
17 (%)	<u>47.74</u>	<u>52.26</u>	<u>100</u>
18 TOTAL WEIGHTED %	52.76	47.24	100

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1 Q WHAT HAS BEEN THE HISTORIC EXPERIENCE OF THE RESIDUAL
2 ALLOCATION?

3 A The 1992 CTCO allocation of the C-TEC Services residual equals
4 approximately 53%. As noted in the chart below, this has been
5 fairly stable during the last three fiscal years:

6 C-TEC SERVICES ALLOCATION TO CTCO

7	<u>Year</u>	<u>CTCO %</u>
8	1988	71.79
9	1989	72.14
10	1990	53.11
11	1991	54.88
12	1992	52.76

13 The allocation percentage during the period 1990-92 is one-
14 third less than occurred during the period 1988-89. The major
15 cause of this decrease in management fee percentage billed to
16 CTCO was the acquisition of a major cable television property
17 at the end of 1989.

18 Q WHAT WERE THE OVERALL COSTS OF OPERATION OF C-TEC SERVICES IN
19 1992?

20 A The overall cost of operation of C-TEC Services in 1992 was
21 \$24,065,984. This included expenses for executives, human
22 resources, administrative services, treasury and finance,
23 legal and depreciation. Interest and miscellaneous income is

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1 credited. Of this amount, \$23,379,513 was charged through to
2 affiliates and \$686,471 was not recovered by C-TEC (i.e., not
3 passed through). C-TEC was in an overall loss position of
4 \$573,177 (after taxes).

5 **Q ARE C-TEC SERVICES' CHARGES TO CTCO FAIR AND REASONABLE?**

6 A Yes. In my opinion and experience, the services are provided
7 to us in an efficient, cost-effective manner by C-TEC
8 Services.

9 **Q WOULD YOU BRIEFLY PROVIDE SOME HISTORY REGARDING CCI?**

10 A CCI was incorporated in May of 1988. It was formerly known as
11 Commonwealth Telephone Technologies, Inc. The affiliated
12 interest agreement between CTCO and CCI was filed July 23,
13 1992 at Docket No. G-19030060.

14 CCI currently provides telecommunications engineering
15 design, development and consulting services to CTCO, other C-
16 TEC affiliates and non-affiliated businesses. The scope of
17 CCI's services includes not only telecommunications network
18 design, planning, construction, repair and maintenance of
19 telecommunications networks and facilities, but CCI provides
20 services in the area of communication facilities management to
21 a number of non-affiliated corporate clients in Pennsylvania

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1 and a number of other states.

2 These non-affiliated clients include international
3 financial investment firms and one of the country's largest
4 computer corporations. CCI also provides premises
5 distribution (cabling) systems, primarily in the health care
6 and educational markets, not only to local facilities and
7 institutions, but to those of international reputation as
8 well.

9 Q PLEASE DETAIL CCI'S SERVICE AND CHARGES TO CTCO.

10 A The use of CCI as an outside vendor contributes to CTCO's
11 overall efficiency. The work undertaken by CCI represents our
12 larger and more complex projects, which obviously requires
13 highly trained and experienced engineers. Rather than carry
14 the cost of this sophisticated and more expensive talent on
15 CTCO's payroll, we are able to solicit CCI only for those
16 projects where they excel and, thereby, avoid unnecessary,
17 high fixed overheads. For the more routine, day-to-day
18 engineering matters, we maintain engineers on CTCO's payroll.

19 In 1992, CTCO contracted with CCI for \$3,929,000 of
20 engineering services. These network design and engineering
21 services are essential to our business. Of this amount,
22 \$2,328,000 was capitalized, while the remainder (\$1,601,000)

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1 was expensed.

2 Based on my experience, CCI's charges to CTCO are
3 commensurate with those that would be charged by non-
4 affiliated companies. While I have attempted to do so, it is
5 difficult to exactly quantify the level of fees which would be
6 charged by an outside vendor. Many engineering firms have
7 declined to bid on projects, because they believe that CTCO
8 desires to utilize its affiliate and they are concerned that
9 CCI will use the bids they provide to enhance CCI's
10 competitive position.

11 However, we have been able to verbally obtain several
12 firms' hourly rates within standard engineering descriptions
13 and they compare favorably with CCI. For the category of
14 "Project Operations Engineer", CCI's 1993 rate is \$40 per hour
15 within a range of \$31 (Henkels) to \$50 (Globaltron) per hour.
16 In four categories, CCI is slightly higher: "Planning
17 Engineer", CCI (\$50/hour), J-TEC (\$45/hour), and Globaltron
18 (\$45/hour); and "Switching Engineer", CCI (\$49/hour), J-TEC
19 (\$45/hour), and Globaltron (\$42/hour). However, it is
20 important to note that the work functions compared may not be
21 qualitatively or quantitatively exactly equal. In fact, past
22 experience leads me to believe that some engineering firms
23 intentionally elevate an employee's status to make hourly

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1 rates appear more attractive.

2 Further, quoted hourly rates oft times exclude cost add-
3 ons. For example, Henkels & McCoy charge separately for:
4 vehicles (approx. \$5.30 per hour for an auto and \$5.85 per
5 hour for a truck); per diems (\$60 per day); and "out of
6 pocket" costs (plus 15%). Obviously, the quantity and
7 magnitude of these add-ons materially affect the overall cost
8 of the project. On the other hand, and this is of paramount
9 importance, CCI charges CTCO no add-ons.

10 In the overall mix of engineers needed in any particular
11 project, CCI's rates are well within the high/low range of
12 independent engineering firms.

13 The above discussion relates to outside plant engineers.
14 When obtaining switch engineering services, there are only two
15 sources: vendor and in-house. Outside engineering firms do
16 not handle specialized switching projects. Our principal
17 switch vendor, Northern Telecom, charges \$135/hour (with an 8
18 hour minimum) for this service, with time and one-half or
19 double time charged for work performed other than between 8:00
20 a.m. and 4:30 p.m. during weekdays. CCI, on the other hand,
21 charges \$49/hour.

22 CTCO's engineering department aggressively negotiates
23 with CCI. For example, in 1991 we challenged CCI's proposal

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1 and lowered costs by approximately \$200,000.

2 **Q PLEASE IDENTIFY CCI'S COST OF PROVIDING SERVICES TO CTCO.**

3 **A** In 1992, CCI incurred expenses of \$2,708,777 associated with
4 CTCO projects, composed of labor and overhead, dedicated data
5 processing, direct supervision and administration, and general
6 and corporate overheads.

7 CCI's resulting 1992 retention percentage of 31%
8 (revenues less expenses) for CTCO work is consistent with
9 practices throughout the professional services industry.
10 Engineering firms target (and realize) margins of between 30%
11 and 40%. As to other professional services businesses:
12 approximately 40% retention is sought by law firms and
13 accounting firms generally significantly more-upwards of 100%.

14 CCI's charges for engineering services to CTCO are lower
15 than that which it charges to non-affiliated companies. For
16 example, CCI earned a 45% margin for similar work recently
17 performed for an unaffiliated local exchange carrier.

18 **Q ARE CCI'S CHARGES TO CTCO REASONABLE?**

19 **A** Yes, for the reasons above stated.

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1 Q WOULD YOU BRIEFLY PROVIDE A HISTORY OF TEC-AIR?

2 A Yes. Tec-Air is the CTCO affiliate which provides air
3 transport service for individuals within the C-TEC
4 organization. Tec-Air was formed in September 1989. The
5 affiliated interest agreement between CTCO and Tec-Air was
6 filed on April 26, 1990 at Docket No. G-900214. Tec-Air is
7 exclusively devoted to provision of air travel service to C-
8 TEC personnel.

9 Q PLEASE DESCRIBE TEC-AIR'S CHARGES TO CTCO.

10 A In 1992, CTCO paid \$9,000 in direct charges to Tec-Air. A
11 copy of our corporate travel policies was previously
12 distributed to the parties and, as can be seen from that
13 document, Tec-Air is only utilized when it is cost efficient
14 to do so.

15 CTCO is directly charged on a per flight/hour basis at a
16 level of approximately \$500/hour. These rates compare
17 favorably with the charges associated with U.S. Air, one of
18 only two airlines serving Wilkes-Barre and vicinity. For
19 example, U.S. Air charges approximately \$500 for a round trip
20 to Washington, D.C. The flight time is approximately 60
21 minutes on a direct flight (only one per day), while "waiting
22 around" time is over 60 minutes. If connections are needed,

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1 it is 3-1/2 to 4 hours. On the other hand, Tec-Air flights
2 leave at the convenience of the passengers and, therefore,
3 "waiting around" time is non-existent. Thus, the use of Tec-
4 Air is cost-efficient and charges are reasonable.

5 A portion of Tec-Air's operational costs are also
6 included in the C-TEC management fee, since the airplane
7 supports C-TEC management also. Executive efficiency,
8 security and safety are promoted by private air travel. One
9 reason for CTCO's and C-TEC's high productivity is our
10 corporate commitment to maximization of efficiency. The
11 airplane contributes to this attractive statistic.

12 Tec-Air is a "break-even" operation. Total 1992
13 operating revenues were \$909,626. After costs and expenses,
14 Tec-Air lost \$1.

15 Q WOULD YOU BRIEFLY PROVIDE SOME HISTORY REGARDING SRHC?

16 A SRHC was incorporated in February 1983 and organized to
17 acquire and hold real estate for C-TEC and its subsidiaries.
18 SRHC owns a number of properties and leases spaces to other C-
19 TEC affiliates.

20 CTCO sold 62, 100 and 120 Lake Street, Dallas,
21 Pennsylvania properties to SRHC in August, 1992. Currently,
22 CTCO leases its corporate office facilities from SRHC.

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1 However, CTCO plans to relocate its offices to other CTCO-
2 owned facilities as soon as possible subject to governmental
3 approvals. It is anticipated that other, non-regulated C-TEC
4 entities will then occupy the SRHC-owned properties. The
5 affiliated interest agreement between CTCO and SRHC was filed
6 on August 29, 1991, docketed at G-910272, and approved by the
7 PA PUC on November 1, 1991.

8 **Q PLEASE DESCRIBE THE 1992 CHARGES TO CTCO BY SRHC.**

9 **A**The charges to CTCO in 1992, related to that portion of the
10 year during which CTCO rented its proportionate share of the
11 Lake Street properties, was \$147,000. These charges are based
12 upon CTCO's occupation of approximately 27,815 square feet of
13 office space at a charge of \$14.07 (weighted average) or
14 approximately \$33,000 per month.

15 This square footage rental fee is based upon an
16 independent appraiser's report. This same rental rate is
17 applied to all tenants in the Lake Street complex.

18 In 1992, SRHC realized revenues of \$652,832 and incurred
19 costs and expenses of \$775,129 for a pre-tax loss of \$122,297.

20 **Q ARE THE SRHC CHARGES REASONABLE?**

21 **A**Yes.

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1 Q DOES THIS CONCLUDE YOUR TESTIMONY?

2 A Yes, thank you.

CTEC CORPORATION

(DAI)

