

May 10, 1993

RECEIVED
MAY 10 1993

VIA HAND DELIVERY

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

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

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

Dear Secretary Alford:

Enclosed for filing in the above-captioned proceeding please find the original and two (2) copies of the Objections of Commonwealth Telephone Company to AT&T's Second Set of Interrogatories, Nos. 85, 89, 90, 98, 99, 102 and 103. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

Thank you for your attention to this matter.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
CTCO\inv\tobj2att2.int

Enclosure

cc: All parties of record
W. Shaner (w/o enclosure)

DOCUMENT
FOLDER

ORIGINAL

RECEIVED

MAY 10 1993

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

PENNSYLVANIA PUBLIC UTILITY COMMISSION :
v. : DOCKET NO. I-92002 I-000020
COMMONWEALTH TELEPHONE COMPANY :

**OBJECTIONS OF COMMONWEALTH TELEPHONE COMPANY
TO AT&T'S INTERROGATORIES (SET II),
NOS. 85, 89, 90, 98, 99, 102 AND 103**

AND NOW COMES Commonwealth Telephone Company ("CTCO"), by and through its attorneys, Tucker Arensberg, P.C., and hereby objects AT&T Communications of Pennsylvania, Inc.'s ("AT&T") Interrogatories, Set II, Nos. 85, 89, 90, 98, 99, 102 and 103, pursuant to the Rules of Administrative Practice and Procedure of the Pennsylvania Public Utility Commission ("Commission") and, in support thereof, avers as follows:

1. Under cover letter dated April 29, 1993, AT&T served Set II of its Interrogatories in the above-captioned proceeding.
2. CTCO objects to the following interrogatories: 85, 89, 90, 98, 99, 102 and 103, for reasons set forth below.
3. AT&T Interrogatory Nos. 85, 89, 98 and 102 state as follows:
 85. Commonwealth's response to AT&T interrogatory 19 was incomplete. Please provide the requested data on a "total industry" basis, not just for AT&T.

DOCKETED¹
MAY 18 1993

DOCUMENT
FOLDER

89. Please note any and all differences in the way CLD and AT&T purchase and pay for interstate access services obtained from Commonwealth. This response should include, but not necessarily be limited to, differences in rates, terms, conditions, arrangements, or any other factor involved in the provision of access services.
98. Commonwealth's response to OCA interrogatory Set i number 13 describes "Telemarketing Call Transfers" as "Utilized to record Commonwealth Telephone Company switchboard operators receiving information from Commonwealth Long Distance Company telemarketing operations." Please indicate what "information" is being provided from CLD to Commonwealth. Please provide copies of the records of this "information" from July, 1992, to the most recent month for which data is available.
99. Referencing Commonwealth's response to OTS interrogatory Set I, OTS-RE-5, and the Commonwealth/CLD agreements attached thereto, please list the "sales and telemarketing services" provided by Commonwealth to CLD. For 1991 and 1992 please provide copies of the "accurate information and records" maintained by Commonwealth relative to those services, as described in the agreements at paragraph 5.
102. Referencing Commonwealth's response to OCA Set VI, number 20, please indicate whether CLD pays less per message than AT&T for billing and collection services. If this question cannot be answered with a simple yes or no, then please indicate the "flat rate per message" Commonwealth charges CLD. (AT&T recognizes this information is highly sensitive and will execute an appropriate protective agreement precluding review of the data by any AT&T employee involved in negotiating billing agreements.)
4. CTCO objects to AT&T Interrogatory Nos. 89, 98 and 102 on grounds which include, but are not limited to, the following:
- (a) Confidentiality. The interexchange carrier market is highly competitive and information regarding activity of interexchange carriers other than AT&T is confidential as to those carriers. CTCO should not be compelled to and, in fact, may not be permitted to provide this information, the disclosure of which gives AT&T unfair

competitive advantage.

- (b) Relevance. The relevance of much of the material sought by AT&T is questionable in this proceeding, including the information sought in AT&T Set II-89, 98, 99 and 102.
- (c) Burdensomeness. CTCO should not be compelled to research the manner which CLD does business, as requested by AT&T.
- (d) Unfair Advantage. Were AT&T to know how CTCO provides services to AT&T's competitors, AT&T would have unfair advantage in negotiating with CTCO, including billing and collection charges and, as to access services, marketing services, and market share, AT&T would be the only toll carrier in possession of such data.

5. AT&T Interrogatory Set II-90 is as follows:

90. *Following up on AT&T interrogatory 37, please indicate the annual amounts Commonwealth has received from interstate CCL revenues for each year during the transition period.*

6. CTCO objects to AT&T Interrogatory Set II-90 on grounds which include, but are not limited to, the following:

- (a) Relevance. The annual amounts received from "interstate CCL" charges is totally irrelevant to this proceeding, the purpose of which as defined by Your Honor is to review the intrastate earnings of CTCO.
- (b) Already Possesses. CTCO provides AT&T with a monthly CABS bill which sets forth all the information requested in Interrogatory Set II-90 as to AT&T. Therefore, AT&T possesses that information which is relevant to it.

7. AT&T Interrogatory Set II-103 is as follows:

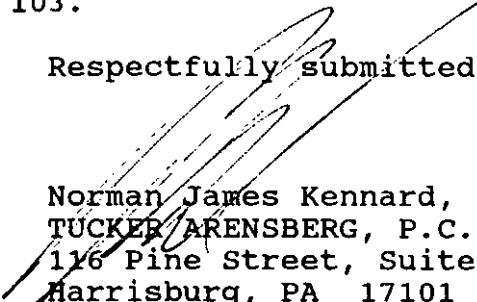
103. Please provide a copy of Commonwealth telephone directories for the three Commonwealth local calling areas with the greatest number of subscribers.

8. CTCO objects to AT&T Interrogatory Set II-103 on grounds which include, but are not limited to, the following:

- (a) Relevance. It is difficult to foresee how a copy of the entire telephone book for the three largest CTCO exchanges has any relevance to either AT&T's complaint or the issues raised by the Commission in this proceeding.
- (b) Burdensomeness. The telephone books are large and copying and distribution of this material would be excessively costly.

WHEREFORE, for the above-stated reasons, Commonwealth Telephone Company objects to AT&T's Second Set of Interrogatories, Nos. 85, 89, 90, 98, 99, 102 and 103.

Respectfully submitted,


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

Dated: May 10, 1993

ATTORNEYS FOR COMMONWEALTH
TELEPHONE COMPANY

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

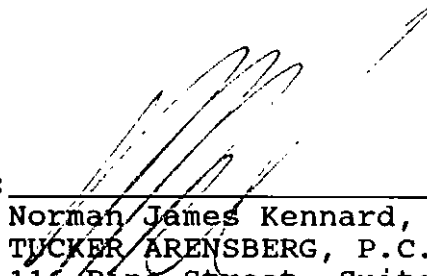
I hereby certify that, on this 10th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

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

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

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

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

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

COMMONWEALTH OF PENNSYLVANIA



KOR
ORIGINAL

OFFICE OF CONSUMER ADVOCATE
1425 Strawberry Square
Harrisburg, Pennsylvania 17120

IRWIN A. POPOWSKY
Consumer Advocate

(717) 783-5048

May 13, 1993

RECEIVED

MAY 13 1993

John G. Alford, Secretary
PA Public Utility Commission
Room G-23, North Office Bldg.
Harrisburg, PA 17120

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

Re: Pennsylvania Public Utility
Commission

v.

Commonwealth Telephone Company
Docket No. I-00920020

Dear Secretary Alford:

Enclosed please find for filing an original and two copies of the Office of Consumer Advocate's Motion To Require Supplemental Testimony Or, In The Alternative, Postpone The Existing Procedural Schedule in the above-captioned proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely,

Philip F. McClelland
Assistant Consumer Advocate

Enclosures
cc: All parties of record
8214

DOCUMENT
FOLDER

ORIGINAL

RECEIVED

MAY 13 1993

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

COMMONWEALTH TELEPHONE
COMPANY

:
:
:
:
:
:
:

DOCKET NO. I-00920020

DOCKETED

MAY 20 1993

MOTION TO REQUIRE SUPPLEMENTAL TESTIMONY
OR, IN THE ALTERNATIVE, POSTPONE
THE EXISTING PROCEDURAL SCHEDULE

Pursuant to 52 Pa. Code 5.103(a), the Office of Consumer Advocate ("OCA") hereby moves that Commonwealth Telephone Company (CTCo or the Company) be compelled to file supplemental testimony, and answer this Motion in five days, or, in the alternative, the existing procedural schedule should be postponed for the further examination of previously filed testimony.

1. The Commission in interrogatories attached to its April 9, 1992 Order required CTCo to explain increases in its corporate operations expense. Pennsylvania Public Utility Commission v. Commonwealth Telephone Company, I-00920020, April 8, 1992, Order attachment A.

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

DOCUMENT
FOLDER

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

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

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

3. Administrative Law Judge Kashi in his December 18, 1992 Order provides a summary of the scope of this proceeding. The ALJ stated:

On April 2, 1992 the Commission initiated an investigation, at Docket No. I-00920020, into current earnings of Commonwealth Telephone Company ("Respondent"/"CTCo"/"Company") i.e., "Commonwealth Telephone may have posited inaccurate earnings position . . ." ". . . to gather additional information relative to a comprehensive calculation of return on common equity capital." Thereafter, by Commission Order entered July 19, 1992 ("Order") this earnings investigation was expanded and continued for the purposes of examining ". . . the appropriateness of Commonwealth's affiliated transactions, in particular the Parent Corporate Management Service Fees" and all related affiliated interest charges. See Order at 2.

ALJ's Order at 1. At page 4 of his December 18, 1992 Order the ALJ states:

The Order clearly provides that CTCo's earnings are to be analyzed in this proceeding:

4. That the parties should investigate the Parent Corporation Management Service Fee expense, and all related affiliated interest charges, and following that analysis, Commonwealth's earnings should be analyzed.

In fact, Ordering paragraph 5 directs that we make specific findings of fact concerning CTCo's affiliated interest charges and overall earnings.

4. Administrative Law Judge Kashi addressed the issue of the burden of proof during the December 29, 1992 prehearing conference in this proceeding. The ALJ stated:

I disagree with the company's position on the burden of proof. And I think it is absolutely clear from the statute as related to the Commission's investigations that the burden of proof is and at all times remains with the utility.

Tr. at 12.

5. CTCo filed testimony in the above proceeding on May 3-4, 1993 - more than four months after CTCo was notified that such testimony would be required - concerning the following topics: affiliated relationships; accounting issues; rate of return; depreciation expense; cash working capital; jurisdictional separations and intrastate revenues; and company policy, service standards and other matters.

6. CTCo claims in its testimony that it has a revenue deficiency of \$19,513,531 on an intrastate basis. St. 3 at 8. On

the principal issues of affiliated transactions and accounting data, CTCo provides little explanation as to how this "deficiency" is calculated. While the testimony contains numerous adjustments, for the large majority of these adjustments it provides no narrative explanation or calculation showing how the adjustment was derived. Moreover, the accounting and affiliated transaction testimony fails to provide the data necessary for the parties to review CTCo's affiliated transactions and overall revenue requirement claims.

7. CTCo's affiliated relationships testimony on page 15 indicates that CTCo was assigned \$610,000 from C-TEC and charged \$11,871,000 in 1992 for C-TEC's residual costs. However, CTCo fails to explain how much of its affiliated expenses should be charged to ratepayers in 1993. While CTCo discusses its past affiliated charges and why it believes those charges to be reasonable, it does not indicate what the level of those charges should be in 1993 and why that is a reasonable request. In this manner, CTCo fails to address an important issue raised by the Commission in both of its Orders - how much of the affiliated expenses it is reasonable for CTCo customers to pay.

8. Notably, the accounting schedules at Schedule DPC-4, page 6 contains \$14,898,921 of claims in Corporate accounts. OCA assumes that much of these expenses results from projected affiliate charges. However, it is impossible to tell, for example in Executive, which of these charges relate to CTCo executives and which relates to affiliate executives. Moreover, CTCo has proposed

a negative \$1,253,147 "Other" adjustment to Corporate expense which is not explained at all. Sch. DPC-4 at 6. As these charges are clearly a major focus of this case, CTCo should at least be required to disclose their 1993 test year claim for affiliated charges, how those charges were calculated, the nature and calculation of all adjustments and why that charge is now justified.

9. CTCo's accounting testimony suffers from the same flaw as CTCo's affiliated relationship testimony only to a much larger extent as there are more accounting adjustments at issue. CTCo fails to provide the detail necessary for the parties to review CTCo's expenses, income statement or rate of return and it provides no explanation for the numerous expense adjustments included in CTCo's claim for test year expenses.

10. CTCo's accounting testimony indicates that the Company has used four categories of calculations to derive its revised 1992 intrastate expenses to reach its 1993 test year intrastate expenses. These categories of adjustments are for known changes, inflation, salary/benefit and other increases. St. 4, Sch. DPC-4.

11. For example, CTCo indicates in its accounting testimony that it has made four adjustments to its expense claim for "known changes" which together increase CTCo's claim by \$2,782,234. St. 4, Sch. DPC-4 at 3-6. CTCo states on page 5 of its accounting testimony that these "known changes" should be "self-explanatory" without further discussion.

12. The explanatory detail CTCo uses in its only explanation of adjustments to one account belies this claim. Specifically, the testimony refers to page 3 of 6 at Schedule DPC-4 concerning Account 6121. This page starts with a Revised 1992 Intrastate Account 6121 expense of \$1,531,879. This amount results from the addition of Payroll (\$105,173), Benefits (29,893), Rents (\$144,190) and Other (\$1,252,623) amounts to 1992 data all related to Account 6121. Sch. DPC-3 at 1-2. No explanation is provided in the testimony or schedules for what the "Other" expense category of \$1,252,623 relates to in 1992 (or how any of these 4 amounts were calculated). CTCo's adjustments for its future test year claim in this account are shown on schedules DPC-4 pages 1-3. CTCo's testimony explains that "[t]he amount of \$197,448 is reflected under 'Known Changes' and is an annualization of rent." St. 3 at 5. However, the actual amount shown on Schedule DPC-4 at 3 as a "Known Changes" is really \$194,014. No explanation is provided for this discrepancy. Next, CTCo explains that "[t]he column entitled 'Inflation' reflects inflationary increases in rent, utilities, and house cleaning at 3.2%." St. 3 at 5. Schedule DPC-4 at 3 then shows an inflationary adjustment of \$51,464. This does not represent 3.2% of either \$1,531,879 or \$1,531,879 and \$194,014 in the preceding columns. No other explanation as to how this inflationary adjustment was calculated is disclosed. Next, CTCo states that "[i]n the column entitled "Other," a deduction of \$33,107 appears which primarily reflects the discontinuance of house cleaning and utilities as an obligation paid by CTCo." St.

3 at 5. This adjustment does not appear anywhere on Schedule DPC-4 at 3. Nor is there any explanation of the -\$59,180 adjustment which does appear under Other on that schedule for Account 6121.

13. In this manner, even in the only instance where CTCO provided a narrative explanation of a small portion of their adjustments, the explanation does not match the referenced schedule and does not even attempt to explain many of the amounts related to the ultimate claim of \$1,720,020 for the Test Year Intrastate Account 6121 - Land and Building amount. This discussion here is provided in order to demonstrate in some detail the internal inconsistencies and lack of explanation which is endemic to the CTCO accounting presentation.

14. Moreover, CTCO indicates in its accounting testimony that it has made over forty adjustments to its expense claim listed under the category "Other" which together increase CTCO's expense claim by \$263,269. St. 4, Sch. DPC-4 at 3-6. For example, these adjustments include a \$2,145,713 decrease to CTCO's corporate executive expense, as previously referenced, as well as a \$550,612 increase to CTCO's "testing expense." Id. at 6 and 4. CTCO's accounting testimony fails to explain these adjustments or to explain any of the other numerous adjustments that CTCO is seeking under this category.

15. CTCO indicates in its accounting testimony that it has made numerous adjustments to its expense claim for Salary and Benefit Increases which together increase CTCO's expense claim by \$261,079. Id. at 3 -6. CTCO in its accounting testimony fails to

provide any supporting data for its adjustments to salaries and benefits. Specifically, CTCo fails to indicate if these adjustments are part of employee contracts, on-going or planned employee salary and benefit contract negotiations or merely anticipated increases.

16. Furthermore, CTCo's accounting testimony fails to present any data for CTCo on a total company basis. This total company data is required by the PUC's own financial reporting regulations. 52 Pa. Code § 71.5(a)(2). The most recently filed financial report for CTCo demonstrates that they have provided both intrastate and total company information to the PUC in the past.¹ It is essential that this information be provided on a total company basis through the CTCo accounting presentation in order that CTCo may not recover more than 100% of its costs. This issue, and the way in which financial results must be reported for average schedule companies such as CTCo, were the topic of a recent petition concerning cost reporting. While the Order has not yet been released, a copy of Chairman Rolka's approved Motion has been attached at Appendix B as it describes the problem of not revealing interstate data and by doing so "gaming the process." In the present proceeding, the detailed disclosure of assets, costs and revenues on a total company basis would be sufficient to avoid this problem.

¹Due to the fact that CTCo has marked this statement "Proprietary," a copy of this information is only attached to the Motion filed with ALJ Kashi as Appendix A. Total company information can be found at pages 1, 2, 4, 11, 15 - 17 of this report.

17. For the reasons set forth above, the OCA submits that CTC's testimony fails to provide the base necessary for the parties to productively examine CTC's accounting claims and particularly its affiliated expense claims. Indeed, the Commission specifically began this investigation in order to elicit an explanation from CTC for increases in corporate operations expense and to examine CTC's earnings. Given that CTC has the burden of proof, its testimony is particularly inadequate. While CTC has now summarily disclosed its position as to its intrastate revenue requirement, it has not provided a narrative explanation or calculation for the numerous accounting and affiliated transaction adjustments that it has proposed. By doing so it has effectively sought to avoid the thrust of the Commission's inquiry in this proceeding.

18. Instead, CTC's testimony forces the parties to seek to discover in detail the type of information that should have been included in CTC's testimony. The OCA and Trial Staff have already begun this process. On May 13, the OCA has filed a large number of interrogatories, which, in part, attempt to discover the basis for the CTC accounting and affiliated transaction claims. Trial Staff has also filed on May 10 discovery which seeks adjustment detail on a total company basis as well as the filing requirement information contained at 52 Pa. Code § 53.53. The OCA supports Trial Staff in its efforts and seeks similar material through this Motion in the form of testimony.

19. Evidently, it is CTCO's position that it must only state its revenue requirement position but has no need to explain its numerous adjustments; such explanation is to occur through the discovery process. The OCA submits that this is burdensome to the parties, forces upon discovery a role that should be met by the CTCO testimony and delays the hearing process. This is a most inefficient use of the administrative process and places a greater burden on the discovery process. The OCA submits that CTCO must disclose its assets, expenses and revenues on a total company basis through its accounting testimony by account including its affiliate expense. It must then disclose its actual per books historic data and show all adjustments made in 1992 and 1993. It must provide an explanation including the reasons for all adjustments and a calculation showing how the adjustment was done. The OCA suggests that Commonwealth should be required to provide this information within 30 days. Subsequent to the filing of that testimony an additional prehearing conference should occur to set a procedural schedule.

20. As the hearings are scheduled to occur in a few weeks, the OCA also moves to require CTCO to respond to this Motion within five days.

21. Even if CTCO is not required to produce supplemental testimony, the litigation schedule for this proceeding should be postponed. In response to the numerous unanswered questions and confusing material contained in CTCO's testimony, the OCA and Trial Staff have begun discovery and OCA anticipates that it will need to

serve follow-up questions to clarify CTCO's testimony. In addition, the testimony contains an extensive depreciation study which was otherwise unanticipated and will take substantial discovery to examine. The present hearing schedule does not provide adequate time for such review and additional discovery. As a result, the OCA moves, in the alternative, that the hearing schedule proposed at Appendix C be applied. Trial Staff and AT&T have agreed to this alternative schedule.

WHEREFORE, for the reasons herein, the OCA respectfully moves that CTCO be compelled to file supplemental affiliated and accounting testimony. This testimony should provide the information requested in Paragraph 19 above. This testimony should be filed within 30 days with an additional prehearing conference subsequently scheduled to determine a revised schedule. CTCO should be required to answer this Motion in five days.

In the alternative, the present procedural schedule should be revised as proposed in Appendix C.

Respectfully submitted,



Philip F. McClelland
Mark Shostak
Assistant Consumer Advocates

Counsel for:
Irwin A. Popowsky
Consumer Advocate

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

Dated: May 13, 1993

8097

3

Approved 4-0

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

PENNSYLVANIA PUBLIC UTILITY
COMMISSION
v.
BENTLEYVILLE TELEPHONE COMPANY

PUBLIC MEETING-
APRIL 29, 1993
MAR-93-OSA-840*
DOCKET NO. P-930654

MOTION OF CHAIRMAN DAVID W. ROLKA

Bentleyville's Petition seeks a waiver of Section 71.8 of our financial reporting regulations to permit the use of estimated factors for separating its interstate and intrastate costs. The Company does not perform an actual cost separation study for interstate purposes because it is not required under FCC regulations. Bentleyville obtains interstate cost reimbursement from the National Exchange Carrier Association (NECA) average schedule tariff.

The average schedule system of interstate cost reimbursement originated from the pre-divestiture settlements process between AT&T and independent companies. Many smaller independent companies received their settlements on the basis of negotiated formulae that did not use the Separations Manual cost allocations. The formulae became known as "average schedules." Following the replacement of settlements with access charges, the FCC allowed the average schedule practice to continue. Smaller independent companies can obtain interstate cost reimbursement through the NECA average schedule tariff. NECA was created to perform tariff preparation and pool distribution functions. Also, NECA adapted the average schedule settlements process to an access charge system. These companies are relieved of the administrative burden of performing an actual cost study to identify their interstate costs.

Bentleyville is one of numerous Pennsylvania local exchange companies that participate in the NECA average schedule. While I am not positively certain, I believe the other companies include: Buffalo Valley Telephone; Citizens Telephone Company of Kecksburg; Commonwealth; Denver & Ephrata; Hickory; Ironton; Laurel Highland; Marianna-Scenery Hill; North-Eastern PA; North Pittsburgh; Palmerton; Pennsylvania Telephone; Pymatuning; South Canaan; Venus; Yukon-Waltz; Brookville; Alltel; Murraysville; Citizens Utilities and Armstrong.

Average schedule companies were expressly considered when Section 71.8 was written. In the Proposed Rulemaking Order (Docket No. L-910061, entered March 3, 1992), the Commission explained that the proposed Section 71.8 would prescribe that the allocation factors used by each telephone utility must be consistent with those used in FCC reports, and must be based on two year old or less data.

In the Final Rulemaking Order (entered October 28, 1992), subsection (c) was added to Section 71.8 "to make clear that the use of cost-based separations factors for state ratemaking purposes shall continue and shall be required for the filing of the earnings disclosure reports required by these regulations." The underlying data may be based on data not older than three years, as opposed to two years, to reduce the burden on companies that do not regularly perform cost allocation studies. We agreed with the IRRC and OCA Comments on the Proposed Rulemaking that "FCC filings based on average cost should not be deemed to satisfy the Commission's state earnings reporting requirements."

It makes sense that for purposes of deriving the intrastate costs of service for average schedule companies, the costs reimbursed pursuant to the NECA average schedule tariff should be deducted from each company's total body of costs. This would be the appropriate way to assure consistency between the interstate and intrastate cost allocation factors. If an average schedule company uses actual cost allocation factors for computing intrastate costs, there is a mismatch between the interstate and intrastate cost recovery. This arises because the interstate cost recovery has implicit cost allocation factors that may not be consistent with the actual cost allocation factors used for setting intrastate rates. The potential exists for companies to recover more than 100% of their total company costs by gaming the process. On the one hand, they could seek interstate cost reimbursement from the NECA average schedule. On the other hand, they could compute intrastate actual cost allocations that allow recovery of costs already reimbursed under the NECA average schedule tariff.

In order to avoid any potential mismatch, Section 71.8(b) of our regulations should be interpreted to require average schedule companies to use residual revenue requirement calculations for state financial reporting. This would entail using the average schedule tariff reimbursed costs as a proxy for the Company's separated interstate costs, with the remainder of Company costs (as may be adjusted for intrastate ratemaking) used to compute the Company's intrastate revenue requirement. This method is the only sound way to assure that Pennsylvania average schedule companies employ "cost-based" financial reporting. The FCC and D.C. Circuit Court of Appeals have approved the residual revenue requirement method for setting intrastate rates of average schedule companies as not being violative of the Communications Act. See In re Mid-Plains Telephone Company, Inc., 5 FCC Rcd 7050 (1990); affirmed sub nom. Crockett Telephone Company v. FCC, 963 F.2d 1564 (D.C. Cir. 1992).

Intrastate rates for average schedule companies are based on Part 36 cost allocation studies, which typically yield higher intrastate costs (and revenue requirement) than the residual revenue requirement approach. Adherence to Part 36 by average schedule companies for setting intrastate rates and for financial reporting is administratively burdensome since it requires an

intrastate cost allocation study where no concomitant study is required by the FCC.

The residual revenue requirement approach appears to be consistent with the express language of Section 71.8 which speaks to "cost-based ratemaking." The accompanying Order text speaks to "cost based separations factors."

Applying this interpretation of Section 71.8 to Bentleyville's Petition would moot the Petition in part. That is because the regulation requires Bentleyville to use cost allocation factors that are based on the residual revenue requirement approach in order to adhere to "cost based" ratemaking. This is the only way to reflect intrastate "cost based" separations factors which are consistent with the Company's interstate costs. In light of the impending deadline to submit its annual report due April 30, and the length of time the Petition has been pending before the Commission, it is appropriate to grant the Company a thirty (30) day extension within which to file its financial report for the period ended December 31, 1992.

To remove any ambiguity about the appropriate interpretation of Section 71.8, a policy statement should be issued to provide notice to all average schedule companies that they should base their Chapter 71 earnings reports on residual revenue requirement calculations. This procedure would significantly lessen the average schedule companies' administrative burden of complying with our regulations, by eliminating their need to conduct Part 36 cost allocation studies. To that end, I would direct the OSA and Law Bureau staff to develop a public meeting report which sets forth the Policy Statement consistent with this Motion.

I THEREFORE MOVE THAT:

1. The Petition for Waiver should be granted in part and denied in part consistent with this Motion;
2. the Office of Special Assistants should be directed to prepare the appropriate Order consistent with this Motion; and
3. the Law Bureau and OSA should jointly develop a public meeting report setting forth a Policy Statement consistent with this Motion.

April 28, 1993
DATED


DAVID W. ROLKA, CHAIRMAN

APPENDIX C

COMMONWEALTH TELEPHONE
DOCKET NO. I-920020
LITIGATION SCHEDULE
(REVISED)

Commonwealth's Direct Testimony	May 3, 1993
Cross of Commonwealth	July 7-9, 1993
OCA's and Other Parties Testimony	August 3, 1993
Cross of OCA and Other Parties	September 14-16, 1993
Rebuttal Testimony	October 19, 1993
Written Surrebuttal	November 9, 1993
Hearings on Rebuttal & Surrebuttal	December 8-9, 1993

ORIGINAL

CERTIFICATE OF SERVICE

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

RECORDED
MAY 13 1993

Public Utility Commission
SECRETARY'S BUREAU
Information Control Division

I hereby certify that I have this day served a true copy of the foregoing document, Motion To Require Supplemental Testimony Or, In The Alternative, Postpone The Existing Procedural Schedule, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 13th day of May, 1993.

SERVICE IN PERSON

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

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

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

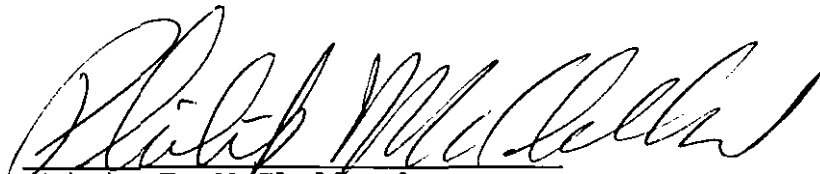
SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Scott Burnside, V.P.
Revenue & Public Affairs
Commonwealth Telephone Co.
100 Lake Street
Dallas, PA 18612
(Also by Facsimile)

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

J. Randall Woolridge
Penn State University
609 Business Administration
Building One
University Park, PA 16802

Thomas S. Catlin, V.P.
Exeter Associates
10801 Lockwood Drive
Suite 350
Silver Spring, MD 20901



Philip F. McClelland
Assistant Consumer Advocate

May 14, 1993

RECEIVED

MAY 17 1993

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

SECRETARY OFFICE
Public Utility Commission

Re: Commonwealth Telephone Company's Answers to OTS's
Interrogatories, TX-1 thru TX-11, Docket No. I-00920020

Dear Ms. Melillo:

Enclosed herewith please find Commonwealth Telephone Company's Answers to OTS Interrogatories, TX-1 through TX-11, in the above-captioned matter pursuant to 52 Pa. Code § 5.342(a).

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

Sincerely,

TUCKER ARENSBERG, P.C.


NORMAN JAMES KENNARD

NJK/dmb

Enclosure

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

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

:
:
:
:
:
:
:

DOCKET NO. I-00920020

COMMONWEALTH TELEPHONE COMPANY

CERTIFICATE OF SERVICE

I hereby certify that, on this 14th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

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

DOCKETED

MAY 26 1993

By: _____

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

DOCUMENT
FOLDER

BIS

May 18, 1993

RECEIVED
MAY 18 1993

VIA HAND DELIVERY

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

SECRETARY'S BUREAU
Information Control Division

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

Dear Secretary Alford:

Enclosed for filing in the above-captioned proceeding please find the original and two (2) copies of the Objections of Commonwealth Telephone Company to OCA Interrogatories, Set IX, Nos. 23, 47, 66, 73, 120 and 122. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

Thank you for your attention to this matter.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
CTCO\inv\obj2oca.ix

Enclosure

cc: All parties of record
W. Shaner

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

MAY 18 1993

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
:
v. :
:
COMMONWEALTH TELEPHONE COMPANY :

DOCKET NO. I-00920020 SECRETARY'S BUREAU
Information Control Division

**OBJECTIONS OF COMMONWEALTH TELEPHONE COMPANY
TO OFFICE OF CONSUMER ADVOCATE'S INTERROGATORIES,
SET IX, NOS. 23, 47, 66, 73, 120 AND 122**

AND NOW COMES Commonwealth Telephone Company ("CTCO"), by and through its attorneys, Tucker Arensberg, P.C., and hereby objects to the Interrogatories of the Office of Consumer Advocate ("OCA") Set IX, Nos. 23, 47, 66, 73, 120 and 122, pursuant to 52 Pa. Code § 5.342(c) and, in support thereof, avers as follows:

1. Under cover letter dated May 13, 1993, the OCA served upon CTCO, via facsimile, Sets IX, X and XI of its Interrogatories in the above-captioned proceeding. Set IX of the OCA's Interrogatories contained 187 interrogatories.

2. CTCO objects to Interrogatory Nos. 23, 47, 66, 73, 120 and 122 contained in OCA Set IX for reasons set forth below.

DOCKETED
MAY 24 1993
DOCUMENT
FOLDER

3. OCA Interrogatory No. IX-23 is as follows:

Please provide the following monthly labor data for 1989, 1990, 1991, 1992 and 1993 year-to-date:

- a. number of actual employees broken down between type (e.g., salaried, hourly, union, non-union, temporary, etc.);
- b. regular payroll broken down between expensed, capitalized and other;
- c. overtime payroll broken down between expensed, capitalized and other;
- d. temporary payroll broken down between expensed, capitalized and other; and
- e. other payroll (specify).

4. CTCO objects to OCA Interrogatory IX-23 on grounds which include, but are not limited to, the following:

- (a) Burdensomeness. The data is requested for a four (4) year historic period and 1993 to-date, all on a monthly basis. The information requested must be broken down by the company in numerous ways as specified in Sub-items (a) through (e). The extraction which the OCA requests would consume numerous man hours and is burdensome upon the company.
- (b) Relevance. The OCA has not demonstrated that the historic information regarding type of employees and the amount of payroll expensed or capitalized will not provide any meaningful or relevant insight into the company's claims in this proceeding.
- (e) Lateness. Except for the request for 1993 year-to-date information, the information all relates to historic periods and could have easily been asked previously. This comes at a time when a company is attempting to develop responses to interrogatories directed at its testimony.

5. OCA Interrogatory No. IX-47 is as follows:

Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold in 1989, 1990, 1991 and 1992 or anticipated in 1993 or 1994 and explain how such amounts have been treated for ratemaking purposes.

6. CTCO objects to OCA Interrogatory IX-47 on grounds which include, but are not limited to, the following:

- (a) Burdensomeness. There is no materiality limit provided in this interrogatory. A company of CTCO's size disposes of much property in a year. The information sought covers a four (4) year historic period and a two (2) year period of projection. The amount of effort and labor required to undertake this analysis is excessive.
- (b) Relevance. CTCO fails to perceive any relevance of historic property dispositions and associated gains or losses for the historic period.
- (e) Lateness. Except for the request for 1993 year-to-date information, the information all relates to historic periods and could have easily been asked previously. This comes at a time when a company is attempting to develop responses to interrogatories directed at its testimony.

7. OCA Interrogatory No. IX-66 is as follows:

Please provide any monthly and/or quarterly budget variance reports to management or the Board of Directors since January 1, 1990. Please provide the most detailed budget variance report which the Company supplies.

8. CTCO objects to OCA Interrogatory IX-66 on grounds which include, but are not limited to, the following:

- (a) Relevance. CTCO's 1993 test year is not based upon the 1993 budget. The 1993 test year represents an independent and much more detailed analysis of 1993 results. Moreover, the 1993 test year figures reflect ratemaking results. The internal budget of the company has no impact or effect upon the future test year of the company and therefore variance reports would be meaningless.

9. OCA Interrogatory No. IX-73 is as follows:

Please provide the annual level of outside service employed separately for the past five years and included on Exhibit DPC-6.

10. CTCO objects to OCA Interrogatory IX-73 on grounds which include, but are not limited to, the following:

- (a) Excessive Scope. CTCO receives many types of outside services, many of which are not material in amount. Without a materiality limit, the interrogatory is excessive in its scope.
- (b) Burdensomeness. To identify each and every outside service employed "separately" for the past five (5) years requires a review of individual invoices and journal entries. The amount of effort and labor required to make this presentation is burdensome upon the company.
- (c) Relevance. The level of outside services utilized during the past five years is irrelevant to the claims made in the company's 1993 test year.

11. OCA Interrogatory No. IX-120 is as follows:

Please provide the Company's operating and construction/capital budgets prepared in 1989, 1990, 1991 and 1992.

12. CTCO objects to OCA Interrogatory IX-120 on grounds which include, but are not limited to, the following:

- (a) Relevance. CTCO's 1993 test year is not based upon the 1993 budget. The 1993 test year represents an independent and much more detailed analysis of 1993 results. Moreover, the 1993 test year figures reflect ratemaking results. The internal budget of the company has no impact or effect upon the future test year of the company and therefore variance reports would be meaningless.
- (b) Lateness. The information all relates to historic periods and could have easily been asked previously. This comes at a time when a company is attempting to develop responses to interrogatories directed at its testimony.

13. OCA Interrogatory No. IX-122 is as follows:

Please provide a comparison between actual and budgeted construction expenditures separately for 1989, 1990, 1991 and 1992.

14. CTCO objects to OCA Interrogatory IX-122 on grounds which include, but are not limited to, the following:

- (a) Relevance. CTCO's 1993 test year is not based upon the 1993 budget. The 1993 test year represents an independent and much more detailed analysis of 1993 results. Moreover, the 1993 test year figures reflect ratemaking results. The internal budget of the company has no impact or effect upon the future test year of the company and therefore variance reports would be meaningless.
- (b) Lateness. The information all relates to historic periods and could have easily been asked previously. This comes at a time when a company is attempting to develop responses to interrogatories directed at its testimony.

WHEREFORE, for the above-stated reasons, Commonwealth Telephone Company objects to the Office of Consumer Advocate's Interrogatories, Set IX, Nos. 23, 47, 66, 73, 120 and 122.

Respectfully submitted,

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

Dated: May 18, 1993

ATTORNEYS FOR COMMONWEALTH
TELEPHONE COMPANY

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

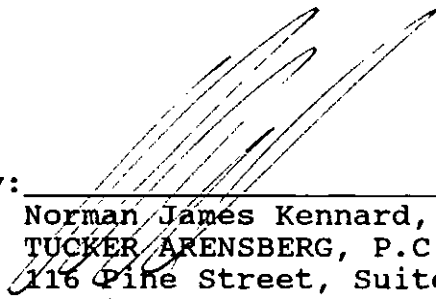
I hereby certify that, on this 18th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

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

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

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

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

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

ALS

May 18, 1993

VIA FACSIMILE AND U.S. FIRST CLASS MAIL

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

RECEIVED
MAY 18 1993
OFFICE OF A.L.J.
HARRISBURG
RECEIVED
MAY 20 1993

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

Dear Mr. McClelland:

SECRETARY'S BUREAU
Information Control Division

Yesterday afternoon we discussed the additional presentation which Commonwealth Telephone Company has agreed to provide. They are as follows:

1. Exhibits DPC-1 through DPC-4 formats restated on a total company basis and including test year adjustments.
2. 1992 and 1993 separations factors by account for plant and expenses.
3. Exhibit JJL-3 format restated on a total company basis and including test year adjustments.
4. A separate 1993 breakout of affiliated expenses, by account and by affiliate.
5. An explanation of test year adjustments for both revenues and expenses. Parenthetically, the Company will explain all adjustments, but only provide calculations for those adjustments which exceed a change of \$25,000.

The Company has also agreed to provide:

6. A description of the increase in depreciation expense over prior periods;
7. The increase in digital expenses over prior periods; and
8. Why the income tax claim is \$0.

DOCKETED

DOCUMENT
FOLDER

HARRISBURG OFFICE 116 PINE STREET HARRISBURG, PENNSYLVANIA 17101 717-238-2900 FACSIMILE 717-238-2647

VIA FACSIMILE AND U.S. FIRST CLASS MAIL

Phillip E. McClelland
Office of Consumer Advocate
May 18, 1993
Page 2

The Company will present the documents listed as 1 through 4 above on Wednesday, May 19, 1993, and present additional testimony on Item 5, as well as a brief explanation of Items 6 through 8 on Friday, May 21, 1993.

I hope this comports with your recollection of our agreement (exclusive of the materiality threshold on workpapers). Of course, the Company will cooperate, as it always has, on discovery matters.

Should you have any questions or comments, please do not hesitate to contact me at your earliest convenience.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/provide.1tr

cc: Honorable G. Kashi
K. Mellilo
W. Shaner

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265
May 18, 1993

In Re: I-00920020

(See letter of 1/5/93)

ALS

Pennsylvania Public Utility Commission
v.
Commonwealth Telephone Company

Assessment of the impact of significant increase in certain operating expenses on the common equity return rate.

NOTICE

This is to inform you that the further hearing now scheduled to be held on Thursday, May 27, 1993 at 10:00 a.m. in the subject proceeding has been changed to a prehearing conference.

In addition, the further hearings now scheduled to be held Wednesday, May 26, 1993 and Friday, May 28, 1993 in the subject proceeding have been cancelled.

The presiding officer in this proceeding is Administrative Law Judge George Kashi. Judge Kashi can be contacted at P.O. Box 3265, Harrisburg, Pennsylvania 17105-3265; telephone (717) 783-5452.

cc: Judge Kashi
John Frazier - PIO
Consumer Advocate
Law Bureau
Norma Lewis
Susan Licon
Beth Plantz
Docket Room

Certified Mail
Receipt Requested &
Reg. Mail to Complainant

RECEIVED
MAY 20 1993

SECRETARY'S BUREAU
Information Control Division

DOCUMENT
FOLDER

DOCKETED
MAY 24 1993

May 19, 1993

REC /ED

MAY 24 1993

SECRETAR OFFICE
Public Utility Commission

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

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

Dear Mr. McClelland:

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

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

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

RLS DOCUMENT
FOLDER

NJK/dmb
ctco/inv/mcclell8.1er

Enclosure

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

RECEIVED

MAY 24 1993

SECRETARY'S OFFICE
Public Utility Commission

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

DOCKET NO. I-00920020

COMMONWEALTH TELEPHONE COMPANY

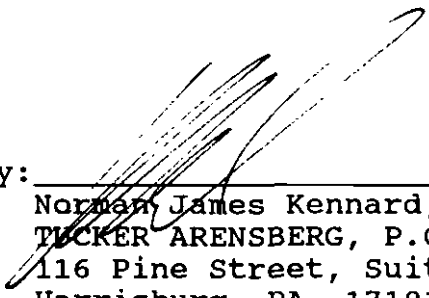
CERTIFICATE OF SERVICE

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

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

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

By: _____


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

DOCKETED

JUN 08 1993

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

DOCUMENT
FOLDER

RECEIVED

Norman James Kennard (717) 238-2900

MAY 24 1993

SECRETARY'S OFFICE
Public Utility Commission

May 19, 1993

VIA HAND DELIVERY

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

DOCUMENT
FOLDER

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

Dear Mr. McClelland:

On behalf of Commonwealth Telephone Company, we enclose the following items relative to the above-captioned matter:

1. The first packet contains the following items:
- (a) The separations factors used to derive intrastate expenses for 1992 and 1993;
 - (b) The separations factors used to derive total company regulated expenses for 1992 and 1993;
 - (c) The separations factors used to derive intrastate rate base for 1992 and 1993;
 - (d) A separate break-out, by account and by affiliate, of affiliate charges in 1992 and 1993;
 - (e) A restatement of Exhibit DPC-1 demonstrating total company regulated rate base, as adjusted, for 1992;
 - (f) A restatement of Exhibit DPC-2 demonstrating total company regulated rate base, as adjusted, for 1993;
 - (g) A restatement of Exhibit DPC-3 demonstrating total company regulated expenses, as adjusted, for 1992; and
 - (h) A restatement of Exhibit DPC-4 demonstrating total company regulated expenses, as adjusted, for 1993.

RLS

RECEIVED

MAY 24 1993

SECRETARY'S OFFICE
Public Utility Commission

VIA HAND DELIVERY

Phillip E. McClelland
Office of Consumer Advocate
May 19, 1993
Page 2

2. The second packet of information consists of two pages -- a restatement of JYL-3 on a total company basis and a narrative explaining the adjustments thereto.

These are the materials called for under my letter dated May 18, 1993. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

Thank you for your attention to this matter.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/item.ltr

Enclosure

cc: All Parties of Record
Honorable G. Kashi (w/o enclosure)
J. Alford (w/o enclosure)
W. Shaner (w/o enclosure)

RECEIVED

MAY 24 1993

SEVS OFFICE
Public Utility Commission

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

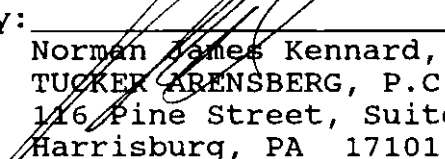
PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
v. : DOCKET NO. I-00920020
COMMONWEALTH TELEPHONE COMPANY :

CERTIFICATE OF SERVICE

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

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

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

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

* - VIA HAND DELIVERY

DOCUMENT
FOLDER

May 20, 1993

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

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

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

RECEIVED

MAY 27 1993

OFFICE OF A.L.J.
HARRISBURG

Re: Exhibit SGM-2 to the Testimony of Stuart G. McDaniel in
Commonwealth Telephone Company Investigation
Docket No. I-00920020

Dear Counsel:

You have recently received, as Company Exhibit SGM-2 to Commonwealth Statement No. 6, certain schedules which support Mr. McDaniel's lead-lag study. Contained within these schedules are summaries of access charge revenues from AT&T and other long distance carriers.

A concern has been raised by counsel for AT&T regarding inclusion of this arguably proprietary information as an exhibit in this proceeding. Consequently, the Company would request that counsel treat the information contained within Company Exhibit SGM-2 as proprietary in nature. Further, the Company proposes not to introduce this document as an exhibit, but will treat it as the workpapers of Mr. McDaniel.

If you have any questions or concerns regarding this matter, please do not hesitate to contact me.

Sincerely,

TUCKER ARENSBERG, P.C.

James P. Melia
JAMES P. MELIA

INDEXED

JUN 14 1993

JPM/dmb
ctco/inv/sgm2.ltr

Enclosure

cc: ✓ Honorable George M. Kashi
W. Shaner
S. McDaniel

DOCUMENT
FOLDER

RECEIVED

MAY 28 1993

SECRETARY'S BUREAU
Information Control Division

ORIGINAL

Norman James Kennard (717) 238-2900

May 21, 1993

RECEIVED

MAY 21 1993

SECRETARY'S OFFICE
Public Utility Commission

RLS

VIA HAND DELIVERY

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

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

Dear Secretary Alford:

Enclosed for filing in the above-captioned proceeding please find the original and two (2) copies of Commonwealth Telephone Company's Statement No. 3-A. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

As was explained to the Office of Consumer Advocate orally today and is as set forth in Mr. Cawley's testimony, the distribution of salaries is an area that is not susceptible to workpapers, since it is contained within the computer programs of the company in detailed fashion and summary sheets are not available. The detailed reports would be voluminous and of doubtful value to the parties. The Company invites direct contact from the parties to discuss the method of the payroll and benefit adjustments which relate to distribution of labor.

The specific calculations for Accounts 6112, 6121, 6212, 6411, the Known Change under Network Administration, and under the line "Other" adjustment to Account 6728 will be provided to the parties on Monday.

Thank you for your attention to this matter.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

DOCUMENT
FOLDER

NJK/dmb
C:\CO\inv\alford3a.ler

Enclosure

cc: All parties of record
W. Shaner

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

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

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

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

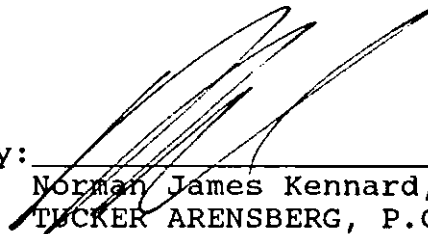
Phillip F. McClelland, Esquire*
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

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

RECEIVED

MAY 21 1993

SECRETARY'S OFFICE
Public Utility Commission

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

* - Via Hand Delivery

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3-A

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

RECEIVED

MAY 21 1993

SECRETARY'S OFFICE
Public Utility Commission

DOCKETED

JUN 02 1993

Dated: May 21, 1993

DOCUMENT
FOLDER

COMMONWEALTH TELEPHONE COMPANY
STATEMENT NO. 3-A

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

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

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

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

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

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

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

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.

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

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.

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

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

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.**

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

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

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

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**

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

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
Supplemental Direct Testimony of Donald P. Cawley

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
Page 2

<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. # 6

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
Conyngham	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 resuting 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

6532

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 E. MARTIN H. SHIPKOWSKI VACANCY D. OSBORNE E. MARTIN J. CHICHVAR	NTI #9030 SS7 NTI #9030 SS7 ACD NETWORK MANAGEMENT NTI DHS-10 #0184 (CPT) 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 DHS-10 #0184 (CPT) NTI DHS-100 SUPERNODE (CPT) 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			28120
	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. (CPT) DHS-100 OVERVIEW DHS-100 MAINT. (CPT) DHS-100 MAINT. (CPT)	3470 3470 2550 3960 1000 3330 1000 1000

C-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 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 DORASH	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 DORASH	BUSINESS ADM.	650
		MILDRED DORASH	BUSINESS ADM.	650
		MILDRED DORASH	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			708

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 DOBSON	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 DOBSON	COMPUTERS-A.S. ENGINEERING	179
	*TA 4173			7386
	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	400

C-TEC CORPORATION
 TELEPHONE DIVISION
 1993 WORK TIME REPORTING TRAINING - SUPPORT SERVICES

TYPE	RESP	NAME	DESC	TOTAL
*EXT	7923			340
EXT	7934	DAVID HOFFMAN	PM TELCO SECURITY CONF.	140
*EXT	7934			140
	7935	WILLIAM BLANNETT	AMA INVENTORY CONTROL	1115
*EXT	7935			1115
*EXT				36735
INT	7431	DONNA MOTOVIDLAK	DDI: PERFORMANCE TRACKING	200
		DONNA MOTOVIDLAK	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	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
		CRAFT & MANAGEMENT	FIRST AID/CPR	5425
		CRAFT & MANAGEMENT	HIGH RISK DEFENSIVE DRIVING	2300
		DENISE CHVIEJ	MANAGEMENT DEVELOPMENT II	600
*INT	7915			9925
	7920	JEAN STEELE	PREVENTIVE DISCIPLINE	600
*INT	7920			600
	7923	ROSE EAGAN	MANAGEMENT DEVELOPMENT I	1000
		SUSAN BERRON	NEGOTIATING SKILLS	400
*INT	7923			1400
	7930	PAT MENRICH	MANAGEMENT DEVELOPMENT II	600
		C.B. ALLES	MANAGEMENT DEVELOPMENT I	1000

G-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - SUPPORT SERVICES

TYPE	RESP	NAME	DESC	TOTAL
TA	7431	LISA MAHLE	BUS. 141 QUANT. 2-BUS. ADM.	624
		LISA MAHLE	AMERICAN LIT. I-BUS. ADM.	674
		LISA MAHLE	AMERICAN LIT. II-BUS. ADM.	674
		CAROL MADSEL	PRINCIPLES OF MARKETING	624
		CAROL MADSEL	PRINCIPLES OF MANAGEMENT	624
		CAROL MADSEL	MACRO ECONOMICS	674
		CAROL MADSEL	MICRO ECONOMICS	674
*TA 7431				15090
	7914	JODY CODEX	FINANCE-BUSINESS	705
		JODY CODEX	ECONOMICS-BUSINESS	705
		JODY CODEX	BUSINESS-BUSINESS	705
*TA 7914				2115
	7923	SUSAN DENNON	BUSINESS ADM.	600
*TA 7923				600
	7930	H.B. ALLES	A.S. CIS	676
		H.B. ALLES	A.S. CIS	676
		H.B. ALLES	A.S. CIS	676
		H.B. ALLES	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.	600
		WILLIAM BLANNETT	LITERATURE - B.S.	600
		WILLIAM BLANNETT	HISTORY - B.S.	600
		WILLIAM BLANNETT	LITERATURE - B.S.	600
*TA 7985				2400
*TA				26375
*GRAND TOTAL				84555

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

533

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 J. CHICHVAR E. MARTIN G. MARCUM 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 DNS-10 #0184 (CBT) 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 DNS-10 #0184 (CBT) NTI DNS-100 SUPERNODE (CBT) 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				28120
	4184	RAY HOOPENGARDNER ANDY SEMAN RAY HOOPENGARDNER GIL DEFEW BEN RONDINA BEN RONDINA RAY HOOPENGARDNER ANDY SEMAN	DNS-100 #462-#463-#464-#477 DNS-100 CCS7/CLASS TRANSLATION 9030-CCS7 PROTOCOL DNS-10 TRANS. & MAINT. DNS-100 MAINT. (CBT) DNS-100 OVERVIEW DNS-100 MAINT. (CBT) DNS-100 MAINT. (CBT)	3470 3470 2550 3860 1000 3330 1000 1000

E-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 951 SS7	4250
		CHRIS HARRISON	NTI 9030 SS7	2550
*EXT 4185				7800
	4211	JOHN SMITHKORS	NTI DMS-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	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 MOSSO	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 MONTHLY 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	963
		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	963
		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	496
		RALPH KELLY	ENG 014 ABA	496
*TA 4182				992
	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	496

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

6534

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 GAN SUDA	NATIONAL COMM. FORUM SS7	1320 <u>420</u>
*EXT	4161			1740
	4164	SHERYL SANTAYANA SHERYL SANTAYANA	CARS USERS CONF. MARTENS 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. NARCUN D. OSBORNE D OSBORNE J. CHICHVAR H. SHIPKOWSKI E. MARTIN 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 DNS-10 #0184 (CPT) 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 DNS-10 #0184 (CPT) NTI DNS-100 SUPERNODE (CPT) NTI #951 SS7 NTI #9030 SS7 NTI #951 SS7	1050 1050 1260 3750 1050 910 910 910 910 770 1750 1750 3750 3750 1750 1750 1050 1750
*EXT	4183			28120
	4184	RAY HOOPENGARDNER ANDY SEMAN RAY HOOPENGARDNER GIL DEFEW BEN RONDINA BEN RONDINA RAY HOOPENGARDNER ANDY SEMAN	DNS-100 0462-0463-0464-0477 DNS-100 CCS7/CLASS TRANSLATION 9030-CCS7 PROTOCOL DNS-10 TRANS. & MAINT. DNS-100 MAINT. (CPT) DNS-100 OVERVIEW DNS-100 MAINT. (CPT) DNS-100 MAINT. (CPT)	3470 3470 2550 3860 1000 3330 1000 1000

C-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 0190 SS7 (CMT)	1000
*EXT 4184				32730
	4185	CHRIS HARRISON	NTI 190 SS7 (CMT)	1000
		CHRIS HARRISON	NTI 951 SS7	4250
		CHRIS HARRISON	NTI 9030 SS7	2550
*EXT 4185				7800
	4211	JOHN SMITHKORS	NTI DNS-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 (CMT) # 0190	1000
*EXT 4215				1000
	4216	JERRY BROWN	NTI CCS7 (CMT) #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 (CMT)	3000
*EXT 4216				8450
	4234	HARRY ALLEN	NTI CCS7 (CMT) #0190	1000
		HARRY ALLEN	SS7 OVERVIEW	1030
*EXT 4234				2030
	4235	TERRY HOWARD	NTI CCS7 (CMT) 0190	1000
		TERRY HOWARD	NTI CCS7 PROTOCOL 9030	2550
		TERRY HOWARD	SS7 OVERVIEW	1030
*EXT 4235				4580
	4236	JACK DODSON	DNS-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
*EXT	4271			1000
EXT	4275	JERRY BARTON	A17ARC - S/C	1000
		MERV MACE	A17ARC - S/C	1000
*EXT	4275			2000
	4276	DORTHY THOMAS	DMS-100 OVERVIEW #139 (CBT)	1000
*EXT	4276			1000
	4278	RUSS CROMAN	DMS SUPERNODE #0137 (CBT)	750
		SWITCHMEN	NTI #137 SNODE (CBT)	750
		SWITCHMEN	NTI #137 SNODE (CBT)	750
		SWITCHMEN	NTI #137 SNODE (CBT)	750
		SWITCHMEN	DMS-100 (CBT)	3500
*EXT	4278			6500
	4378	ROSS STIENHAUER	DMS-100 OVERVIEW #139 (CBT)	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 BONSELL	PREVENTIVE DISCIPLINE	765
*INT	4271			765
	4275	JERRY BARTON	PREVENTIVE DISCIPLINE	765
		JERRY BARTON	MANAGEMENT DEVELOPMENT I	1275
		MERY MACE	PREVENTIVE DISCIPLINE	765
*INT	4275			2085
	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	4281			920
	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
INT	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-H.S.	100
		STAN CHARNICK	ORGANIZATIONAL MANAGEMENT-H.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			10248
	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	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	490
		RALPH KELLY	ENG 014 ABA	490
	*TA 4182			980
	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	400

G-TEC CORPORATION
 TELEPHONE DIVISION
 1993 WORK LINE REPORTING TRAINING - SUPPORT SERVICES

TYPE	RES#	NAME	DESC	TOTAL
EXT	7401	FRANK SCHRAY	BELLCORE FCS	1220
*EXT	7491			1220
	7411	JERRY HALL	ADV TELECOM	1280
*EXT	7411			1280
	7421	JEAN HUNTING JEAN HUNTING	DEPRECIATION CONF DEPRECIATION PROJ	1420 1700
*EXT	7421			4120
	7431	JEFF BARTON LISA HARLE JEFF BARTON JEFF BARTON JEFF BARTON LINDA JONES CHERYL LEHARDY	NTI USERS CONFERENCE LENG/BRADS DMS-100 CCST OVERVIEW DMS-100 CCST OVERVIEW CLASS OVERVIEW ASR WORKSHOP LENG/BRADS	770 280 630 380 140 420 290
*EXT	7431			2800
	7900	DOUG ROBINSON DOUG ROBINSON	SONET & FIBER WORLD CCST OVERVIEW	750 1280
*EXT	7900			2020
	7906	TOM SCALISE DOUG BRODY DAVE ROOSA 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	3130 1660 3370 2250 2800 3010 1860 2450
*EXT	7906			20530
	7915	JIM KENNERER DENISE CHNIEU JIM KENNERER JIM KENNERER	EAST. PA. SAFETY & HEALTH CONF PROJECT MANAGEMENT TEL. SAFETY PROF. SEV. CONF. NSC PRIN. OF ODD SAFETY&HEALTH	350 340 1320 1160
*EXT	7915			3170
	7923	SUSAN DENNO*	STATISTICAL REGRESSIONS	3100

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

TYPE	RESP	NAME	DESC	TOTAL
*EXT	7923			340
EXT	7934	DAVID HOFFMAN	PA TELCO SECURITY CONF.	140
*EXT	7934			140
	7935	WILLIAM BLANNETT	AAA INVENTORY CONTROL	1115
*EXT	7935			1115
*EXT				36735
INT	7431	DONNA HOTOVIDLAK	DDI: PERFORMANCE TRACKING	200
		DONNA HOTOVIDLAK	DDI: IDENTIFYING PERFORMANCE	200
		LINDA JONES	INTERVIEWING FOR JOB POSTINGS	50
		LISA MAHLE	STRESS MANAGEMENT	200
*INT	7431			650
	7936	BOB MORRAL	MANAGEMENT DEVELOPMENT II	600
		BOB JOHNSON	MANAGEMENT DEVELOPMENT I	1000
		TOM SCALISE	MANAGEMENT DEVELOPMENT I	1000
*INT	7936			*2600
	7910	PETE URBAN	MANAGEMENT DEVELOPMENT I	1000
*INT	7910			1000
	7915	JIM KEMMERER	PREVENTIVE DISCIPLINE	600
		CRAFT & MANAGEMENT	FIRST AID/CPR	5425
		CRAFT & MANAGEMENT	HIGH RISK DEFENSIVE DRIVING	2300
		DENISE CHWIEJ	MANAGEMENT DEVELOPMENT II	600
*INT	7915			6925
	7920	JEAN STEELE	PREVENTIVE DISCIPLINE	600
*INT	7920			600
	7923	ROSE EAGAN	MANAGEMENT DEVELOPMENT I	1000
		SUSAN DENROH	NEGOTIATING SKILLS	400
*INT	7923			1400
	7930	PAT WENRICH	MANAGEMENT DEVELOPMENT II	600
		M.B. ALLES	MANAGEMENT DEVELOPMENT I	1000

E-TEC CORPORATION
 TELEPHONE DIVISION
 1993 NON TIME REPORTING TRAINING - SUPPORT SERVICES

TYPE	RESP	NAME	DESC	TOTAL
TA	7431	LISA MAHLE	BUS. 141 QUANT. 1-BUS. ADM.	674
		LISA MAHLE	AMERICAN LIT. 1-BUS. ADM.	674
		LISA MAHLE	AMERICAN LIT. 11-BUS. ADM.	674
		CAROL MADSEL	PRINCIPLES OF MARKETING	674
		CAROL MADSEL	PRINCIPLES OF MANAGEMENT	674
		CAROL MADSEL	MICRO ECONOMICS	674
		CAROL MADSEL	MICRO ECONOMICS	674

*TA	7431			15090
	7914	JODY CODEK	FINANCE-BUSINESS	705
		JODY CODEK	ECONOMICS-BUSINESS	705
		JODY CODEK	BUSINESS-BUSINESS	705

*TA	7914			2115
	7923	SUSAN DENNON	BUSINESS ADM.	600

*TA	7923			600
	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.	600
		WILLIAM BLANNETT	LITERATURE - B.S.	600
		WILLIAM BLANNETT	HISTORY - B.S.	600
		WILLIAM BLANNETT	LITERATURE - B.S.	600

*TA	7985			2400

*TA				28375

*GRAND TOTAL				94585

=====	=====	=====	=====	=====

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 1993 Test Year
ITORP Access Expense

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

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.

C-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
-------	-----------

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
----------	------------

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
----------	-------------

7. Newsletters - Newsletters will serve as a telecommunications education mailer 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

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
------------------------	-------------

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
Total for RC 4511	\$ 99,034.00

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 Compar
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

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
Page 2

<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	

ORIGINAL



Mark A. Keffer
Attorney

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

May 24, 1993

RLS

RECEIVED
MAY 24 1993

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

SECRETARY'S BUREAU
Information Control Division

Re: Docket No. I-920020

Dear Mr. Alford:

Enclosed for filing in the above-cited docket are an original and nine copies of AT&T Communications of Pennsylvania, Inc.'s Response to Objections and Motion to Compel.

Very truly yours,

A handwritten signature in cursive script that reads "Mark A. Keffer".

Mark A. Keffer

Enclosures

cc: Service List

**DOCUMENT
FOLDER**

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

MAY 24 1993

SECRETARY'S BUREAU
Information Control Division.

PENNSYLVANIA PUC

v.

COMMONWEALTH TELEPHONE COMPANY

Docket No. I-920020

DOCKETED

JUN 04 1993

AT&T's RESPONSE TO OBJECTIONS AND MOTION TO COMPEL

Pursuant to 52 Pa. Code 5.343(e), AT&T Communications of Pennsylvania, Inc. ("AT&T"), by counsel, hereby responds to the May 10, 1993, Objections of Commonwealth Telephone Company to AT&T's interrogatories 85, 89, 90, 98, 99 and 103, and moves that Commonwealth be compelled to respond.

There is no basis for Commonwealth's objections. Most of the questions relate to the way Commonwealth does business with its affiliate Commonwealth Long Distance. The Commission Orders establishing this proceeding clearly made these relationship issues part of this case. See Opinion and Order entered July 19, 1992; see also ALJ's Order dated December 18, 1992. Thus, Commonwealth cannot legitimately claim that these data are not relevant, or that it would be "burdensome" to provide because it requires data from CLD.

Contrary to the implications of Commonwealth's objections, AT&T does not want Commonwealth to provide AT&T unrestricted access to any information

DOCUMENT
FOLDER

about AT&T's competitors, including CLD. That is why AT&T has committed to Commonwealth that AT&T will sign protective agreements ensuring that the few AT&T personnel that will review the Commonwealth and CLD data are not involved in the marketing, development or pricing of AT&T's services. AT&T's instructions accompanying the interrogatories asked Commonwealth to contact AT&T's counsel if such protective agreements would be required, but to date Commonwealth has made no such request. Commonwealth has not attempted to explain why such an agreement would not adequately protect its interests.

It would appear that Commonwealth is objecting to everything that it can, not because of any concerns about relevance, confidentiality or burdensomeness, but because Commonwealth simply wants to delay as long as possible the time it is required to provide responses. This is best illustrated by Commonwealth's objections to AT&T interrogatory 103, which asked for nothing more than a copy of Commonwealth's telephone books from its three largest local calling areas. Commonwealth's response is that:

The telephone books are large and copying and distribution of this material would be excessively costly. (See May 10 Objections at p. 4)

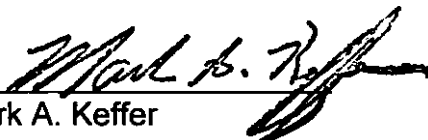
Makes you wonder how they can afford to give them to every one of their customers.

WHEREFORE, AT&T Communications of Pennsylvania, Inc. respectfully moves that Commonwealth's objections be overruled and that Commonwealth be

directed to respond completely to AT&T's discovery. The data AT&T has requested are relevant to the issues and essential for AT&T to present a proper case to the Commission.

Respectfully submitted,

AT&T COMMUNICATIONS
OF PENNSYLVANIA, INC.
By its attorney


Mark A. Keffer

3201 Jermantown Road
Fairfax, VA 22030
(703) 359-4086

May 24, 1993

CERTIFICATE OF SERVICE

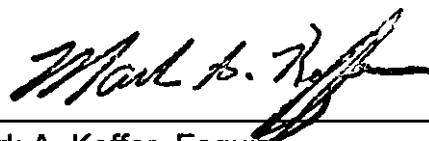
I hereby certify that on this 24th day of May 1993 copies of the foregoing Motion to Compel of AT&T Communications of Pennsylvania, Inc. have been sent first class mail, postage prepaid, and/or hand delivered to:

Honorable George M. Kashi
Administrative Law Judge
PA PUBLIC UTILITY COMMISSION
Room G-8 North Office Building
P.O. Box 3265
Harrisburg, PA 17120

Phillip F. McClelland
OFFICE OF CONSUMER ADVOCATE
1425 Strawberry Square
Harrisburg, PA 17120

OFFICE OF TRIAL STAFF
PA PUBLIC UTILITY COMMISSION
Room 210 North Office Building
P.O. Box 3265
Harrisburg, PA 17120

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



Mark A. Keffer, Esquire
AT&T COMMUNICATIONS OF PA, INC.
3201 Jermantown Road, 3A2
Fairfax, VA 22030-2885

May 25, 1993

VIA HAND DELIVERY

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

RLS

RECEIVED

MAY 25 1993

SECRETARY'S OFFICE
Public Utility Commission

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

Dear Secretary Alford:

We enclose for filing in the above-captioned proceeding the original and two (2) copies of additional documentation to be included with Exhibit DPC-8 which was submitted together with Commonwealth Telephone Company's Statement No. 3-A, originally filed on May 21, 1993.

These additions to CTCO Exhibit DPC-8 are as follows:

A/C 6112	Plant Specific - Other (other)
A/C 6121	Plant Specific - Other (other)
A/C 6212	Plant Specific - Other (other)
A/C 6411	Plant Specific - Other (other)
A/C 6532	Plant Non-Specific - Other (Known Change)
A/C 6724	Corp. Ops. - Other (other)
A/C 6728	Corp. Ops. - Benefits - Other (other)

Also, enclosed please find a revised workpaper for Account 6113, Plant Specific - Other (other), which replaces that originally included in DPC-8.

Thank you for your attention to this matter. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/addition.ltr

Enclosure

cc: All Parties of Record
W. Shaner

DOCUMENT
FOLDER

Commonwealth Telephone Company
Plant Specific Expense - Other
6112 Motor Vehicle

RECEIVED

MAY 25 1993

SECRETARY'S OFFICE
Public Utility Commission
3,247,970

Estimated 1993 Miles	
X Savings per mile	\$0.0258
Total Savings	83,664
	=====
Regulated	81,151
	=====
Intrastate at 1992 rates	63,562
Rate Differential *	(1,898)

	61,664
	=====

The \$61,664 anticipated reduction in the motor vehicle budget is due to the following:

Programs have been instituted which:

- A. Replace cars and vans sooner than in the past. By not keeping these vehicles so long the maintenance/repair costs have been reduced.
- B. We have instituted a company lube and oil filter maintenance program at fixed costs.
- C. We have instituted a tire recap program for larger vehicles.
- D. We have enforced stricter repair procedures with outside vendors.

During 1992, the overall expenses per mile were reduced by \$0.0258 per mile.

* Intrastate factors were updated for 1993.

DOCKETED

JUN 09 1993

DOCUMENT
FOLDER

Commonwealth Telephone Company
Plant Specific Expense - Other
6121 Land & Building

1992 Actual Costs for the Lake St. Buildings

Utilities	36630
House Cleaning	22416
Total	59046

1993 Budgeted Costs for New Building

Utilities	17605
-----------	-------

Net Land and Building Savings	41442
	=====

Commonwealth Telephone Company
 Plant Specific Expense - Other
 6212 Digital Electronic

Software translations	24,100
Central Office replacement	567,763
Residential	35,400
Datapath	40,100
Northern Telecom Inc. Engineering, Furnishing and Installation	6,190
Total	673,553
	=====
Regulated	661,544
	=====
Intrastate at 1992 rates	535,784
* Rate Differential	34,405
	=====
Intrastate	570,189
	=====

* Intrastate factors were updated for 1993.

Commonwealth Telephone Company
Intrastate Expenses
DPC 4 Other Adjustments

Plant Specific
Rent

6411 Pole

194.056

(See attached schedule)

Commonwealth Telephone Company
A/C 6411 Polo Expense - Rents

	<u>Attachments</u>	PP&L <u>Rate</u>	<u>Months</u>	Total <u>Cost</u>	Regulated <u>Cost</u>	<u>Inflation</u>	Regulated <u>Variance</u>	Intrastate <u>Variance</u>
1992	86,062	16.00	12	1,056,992	1,056,939	1,090,761		
1993	66,100	16.00	6	528,800	528,774			
	86,100	22.00	6	<u>727,100</u>	<u>727,064</u>			
				198,908	198,899		165,077	122,406
		MET ED						
1992	20,133	22.00	12	442,926	442,904	457,077		
1993	20,520	26.00	12	<u>533,520</u>	<u>533,493</u>			
				90,594	90,589		76,416	56,663
		OTHER UTILITIES					(1,596)	(1,635)
					Sub Total		239,897	177,434
					* Rate Differential		0	16,622
					Total		<u>239,897</u>	<u>194,056</u>

* Intrastate factors were updated for 1993.

Commonwealth Telephone Company
Plant Specific Expense - Other
6411 Pole

Pole Treatment Test Year Calculation

Additional # of Poles		Avg Cost per Pole		Total
6053	X	\$8.00	=	\$48,424
				=====
		Regulated		48,422
				=====
		Intrastate		36,289
				=====

Commonwealth Telephone Company
Plant Specific Expense - Other
6411 Pole

Pole Disposal Test Year Calculation

# of Poles		Avg Cost per Pole		Total
3840	X	\$25.00	=	\$96,000
				= = = = =
		Regulated		95,995
				= = = = =
		Intrastate		71,943
				= = = = =

Commonwealth Telephone Company
Plant Non Specific Expense - Other
6532 Network Administration

Known Change:

Data entry	400,000
Martens Users Group membership	37,000
Training	25,000

Total Regulated Expense	<u>462,000</u>
Intrastate Expense	<u>362,587</u>

ANALYSIS BREAKOUT

	1993	1994	1995	1996	1997	1998	5 Y
HARDWARE	\$115,000	\$0	\$0	\$0	\$0	\$0	
SAVINGS-							
- SERVICE REPS	\$0	\$75,000	\$75,000	\$75,000	\$150,000	\$200,000	
- SUPERVISION	\$0	\$0	\$0	\$0	\$35,000	\$35,000	
- ENGR. PHONE CALLS	\$0	\$10,000	\$20,000	\$40,000	\$60,000	\$70,000	
- COPY BOOKS	\$0	\$6,000	\$8,000	\$12,000	\$13,000	\$14,000	
- NO RECOPY BOOKS	\$0	\$5,000	\$5,000	\$7,000	\$9,000	\$11,000	
- ERROR REDUCTION	\$0	\$5,000	\$10,000	\$15,000	\$20,000	\$20,000	
- FACILITY RECOVERY	\$0	\$200,000	\$400,000	\$600,000	\$800,000	\$900,000	
- WRONG ASSGN. RED.	\$0	\$2,000	\$4,000	\$8,000	\$10,000	\$14,000	
- CSG VISIT RED.	\$0	\$10,000	\$20,000	\$30,000	\$40,000	\$60,000	
- RE-KEYING RED.	\$0	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000	
- \$15/WEEK RED.	\$0	\$0	\$3,000	\$3,000	\$6,000	\$8,000	
- COST SEPERATIONS	\$0	\$2,000	\$5,000	\$10,000	\$13,000	\$15,000	
- REVENUE RECOVERY	\$0	\$10,000	\$20,000	\$50,000	\$100,000	\$150,000	
- COST OF MONEY	\$0	\$1,000	\$2,000	\$5,000	\$10,000	\$15,000	
NET SAVINGS:	\$0	\$381,000	\$582,000	\$870,000	\$1,286,000	\$1,537,000	
EXPENSES-							
- SOFTWARE	\$980,000						
- INTEREST	\$0						
DATA PROCESSING-							
- IMS SOFT.	\$63,000	\$66,000	\$70,000	\$73,000	\$77,000	\$81,000	
- INSTALLATION	\$36,000	\$0	\$0	\$0	\$0	\$0	
- SI SUPPORT	\$42,000	\$44,000	\$46,000	\$49,000	\$51,000	\$53,000	
- M.I.P.'s	\$54,000	\$108,000	\$82,000	\$30,000	\$30,000	\$30,000	
- SI ENHANCEMENT	\$75,000	\$100,000	\$150,000	\$150,000	\$0	\$0	
ADMINISTRATION-							
- MANAGEMENT	\$30,000	\$30,000	\$30,000	\$30,000	\$0	\$0	
- TRAINING	\$25,000	\$25,000	\$0	\$0	\$0	\$0	
- SUPPORT SEI	\$20,000	\$20,000	\$20,000	\$20,000	\$0	\$0	
- M.I.C.A. MEMB.	\$157,000	\$192,000	\$197,000	\$200,000	\$207,000	\$202,000	
DATA ENTRY-	\$400,000	\$500,000	\$500,000	\$600,000	\$600,000	\$0	
NET EXPENSES:	\$1,912,000	\$1,000,000	\$1,099,000	\$1,154,000	\$905,000	\$456,000	

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Corporate
Other

6724 Information Management

485,230

The variance is primarily due to an increase in the Facilities Management charge.

- Per the terms of the agreement, with our FM provider, MIS charges increased based on changes in the Consumer Price Index for All Urban Consumers- Other Goods and Services as published by the U.S. Department of Labor, Bureau of Labor Statistics. The index applied was over a 20 month period from January 1, 1991 until August 31, 1992. The increase for that period was 11.79%
- The IBM system software increased from \$34,949 to \$56,950 per month.
- An increase in programming development resources. (See Attached Schedule)

Commonwealth Telephone Company
 Corporate - Other
 6724 Information Management

	1992	1993	Variance
Regulated Factors	0.94797	0.96743	
Intrastate Factors	0.7938	0.80412	
Systematics Billing	219,259	253,149	33,890 (1)
Software Lease	<u>34,949</u>	<u>56,950</u>	<u>22,001</u>
Monthly Totals	<u>254,208</u>	<u>310,099</u>	<u>55,891</u>
Annual Expense	<u>3,050,496</u>	<u>3,721,188</u>	<u>670,692</u>
Regulated Expense	<u>2,891,779</u>	<u>3,599,989</u>	<u>708,210</u>
Intrastate Expense	<u>2,295,494</u>	<u>2,894,823</u>	599,329
Inflation			<u>73,456</u> (2)
Intrastate Variance			<u>525,873</u>

(1)

Monthly Billing	219,259
CPI Rate	<u>0.1179</u>
	25,851
Usage	<u>8,039</u>
1993 Increase	33,890
Software	<u>22,001</u>
Total Monthly Increase	<u>55,891</u>
Total Annual Increase	<u>670,692</u>

(2)

1992 Regulated Expense	2,891,779
Inflation Rate	<u>0.032</u>
Inflation - Regulated	<u>92,537</u>
Inflation - Intrastate	<u>73,456</u>

Commonwealth Telephone Company
Corporate - Other
6724 Information Management

	1992	1993	Variance
Regulated Factors	0.94797	0.96743	
Intrastate Factors	0.7938	0.80412	
APPLICATIONS SOFTWARE			
Annual Expense	<u>122,954</u>	<u>90,160</u>	<u>(32,794)</u>
Regulated Expense	<u>116,557</u>	<u>87,223</u>	<u>(29,334)</u>
Intrastate Expense	<u>92,523</u>	<u>70,138</u>	<u>(22,385)</u>
ALLOCATED MANAGEMENT FEES			
Annual Expense	<u>131,693</u>	<u>99,719</u>	<u>(31,974)</u>
Regulated Expense	<u>124,841</u>	<u>96,471</u>	<u>(28,370)</u>
Intrastate Expense	<u>99,099</u>	<u>77,574</u>	<u>(21,525)</u>
OTHER			
Regulated Variance			<u>(910)</u>
Intrastate Variance			<u>3,267</u>

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Corporate
Benefits

6728 Other G & A

161,849

(See Attached Schedule)

COMMONWEALTH TELEPHONE COMPANY
DPC-4 Other Adjustments

Centre Square East
1500 Market Street
Philadelphia, PA 19102-6790
215 246-6000

Corporate Operations
- Benefits

Account 6728 - Other G&A

Towers Perrin

February 23, 1993

Mr. Ralph Hromisin
Corporate Controller
C-TEC Corporation
Martz Tower
48 Public Square
P.O. Box 3000
Wilkes-Barre, PA 18703-3000

Dear Ralph:

1992 YEAR-END DISCLOSURE

Enclosed is an exhibit illustrating financial disclosure information of pension plan asset and obligation amounts as of December 31, 1992 at a discount rate of 7.00%, salary increase rate of 8.00% and disclosure of 1992 pension cost. As a result of unfavorable investment performance during 1992 (roughly 5% return on assets), combined with the decrease in discount rate from 7.25% to 7.00% and a decrease in the salary increase rate from 8.5% to 8.0%, pension cost (income) for 1993 is estimated at (\$18,000). As we discussed, both year-end liabilities and estimated 1993 pension cost reflect the change in pensionable earnings definition.

If you need any additional information for disclosure, please let me know.

Sincerely,

Steve

Steven R. Pribis, F.S.A.
Consultant

/akb

Enclosure

Direct Dial: 215-246-8190

Commonwealth Telephone Company
Intrastate Expenses
DPC-4 Other Adjustments

Plant Specific

Other

6113 Aircraft

(75,542)

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

IN THE COMMONWEALTH OF PENNSYLVANIA **RECEIVED**
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION **MAY 25 1993**

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

SECRETARY'S OFFICE
PUBLIC UTILITY COMMISSION

CERTIFICATE OF SERVICE

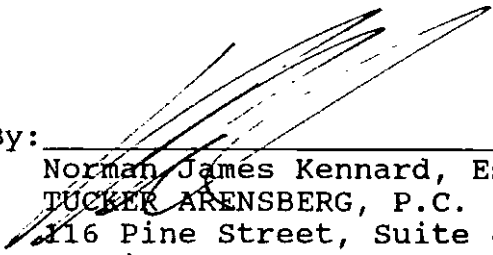
I hereby certify that, on this 25th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

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

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

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

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

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

* - via hand delivery

COMMONWEALTH OF PENNSYLVANIA



ORIGINAL

RECEIVED

MAY 26 1993

OFFICE OF CONSUMER ADVOCATE
1425 Strawberry Square
Harrisburg, Pennsylvania 17120

SECRETARY'S BUREAU
Information Control Division

IRWIN A. POPOWSKY
Consumer Advocate

(717) 783-5048

May 26, 1993

John G. Alford, Secretary
PA Public Utility Commission
Room G-23, North Office Bldg.
Harrisburg, PA 17120

Re: Pennsylvania Public Utility
Commission

v.

Commonwealth Telephone Company
Docket No. I-00920020

Dear Secretary Alford:

Enclosed please find for filing an original and two copies of the Office of Consumer Advocate's Motion To Compel in the above-captioned proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely,

Mark Shostak

Mark J. Shostak
Assistant Consumer Advocate

Enclosures

cc: All parties of record
8214

DOCUMENT
FOLDER

ORIGINAL RECEIVED

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

MAY 26 1993

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

SECRETARY'S BUREAU
Information Control Division

v.

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

COMMONWEALTH TELEPHONE
COMPANY

OFFICE OF CONSUMER ADVOCATE'S
MOTION TO COMPEL

Pursuant to 52 Pa. Code 5.342(e), the Office of Consumer Advocate ("OCA"), moves that Commonwealth Telephone Company (CTCo or the Company) be compelled to complete its answers to OCA interrogatories Set VI No. 29 and interrogatories Set VIII Nos. 1-4, 7-9 and 14. In support of this Motion to Compel, the OCA respectfully sets forth as follows:

Set VI Question No. 29.

1. OCA's interrogatory set VI-29 requests CTCo to provide a number of C-TEC documents including C-TEC's Short-Term Incentive Compensation Plan and Long-Term Incentive Compensation Plan.

2. The Company's response to Interrogatory Set VI-29, served April 20, 1993, failed to contain the Performance Incentive Compensation Plan which includes the Short-Term and Long-Term Compensation Plan. This material was not included even though the

DOCUMENT
FOLDER

1 DOCKETED

JUN 08 1993

Company's answer stated it was included in the material. The complete interrogatory and the Company's written response is attached. See Appendix A.

3. Repeated conversations with counsel for the Company have not resolved this issue and the Company has indicated that it will not provide C-TEC's Short-Term and Long-Term Compensation Plans despite its earlier indication of inclusion.

4. The OCA notes that CTCo never objected to providing this material. Furthermore, CTCo's actions by indicating that it would provide this material and then refusing to do so has substantially delayed the OCA's pursuit of these documents.

5. The OCA submits that the compensation associated with C-TEC's incentive compensation plans make up a substantial portion of CTCo's corporate executive expense. As such, the C-TEC incentive compensation plans are relevant to OCA's examination of CTCo's affiliated transaction expenses - an issue the Commission has directed parties to examine in this proceeding. Therefore, the OCA submits that this information is relevant and that the OCA is entitled to this information under the Commission's rules of discovery.

Interrogatory Set VIII Question No. 1.

6. OCA's interrogatory set VIII-1 requests CTCo to describe in detail how each of the three factors used in the management service fee allocator are derived.

7. The Company's response to Interrogatory Set VIII-1 failed to completely answer the interrogatory. The complete

interrogatory and the Company's written response is attached. See Appendix A.

8. The Company's response indicates that the OCA should see the direct testimony of Paul W. Mazza. However, a careful reading of Mr. Mazza's testimony fails to answer Interrogatory Set VIII-1. Specifically, Mr. Mazza's testimony does not indicate how the three factors used in the management service fee allocator were derived. For instance, the Company in response to OCA interrogatory set VII-8 indicates that the factors used to calculate the allocation percent were based on budget. Mr. Mazza's testimony neither indicates that these factors are not based on budgeted figures nor indicates how each figure is determined. Mr. Mazza's testimony is then entirely unresponsive on this issue.

9. CTCO's Supplemental Testimony indicates that \$9,928,000 are allocated to CTCO through the application of an allocation formula. The OCA's interrogatory asks for a detailed description of how the factors used in the allocation formula are derived. This information is necessary for the OCA to evaluate CTCO's corporate management service fee - an issue the Commission has directed parties to examine in this proceeding. Because CTCO's response fails to describe how the factors used in its allocation formula are derived, the Commission should compel the Company to completely answer this interrogatory.

Interrogatory Set VIII Question No. 2.

10. OCA's interrogatory set VIII-2 requests CTCo to calculate its allocation formula using actual data instead of budgeted figures.

11. The Company's response to Interrogatory Set VIII-2 states that no such analysis has been performed by the Company. The complete interrogatory and the Company's written response is attached. See Appendix A.

12. The OCA submits that the information requested is relevant to the Company's corporate management service fees - an issue the Commission has directed parties to examine in this proceeding.

13. The OCA notes that the Company neither objected to this interrogatory nor provided any reason for failing to conduct the requested analysis. Furthermore, the OCA has requested information that would allow the OCA to perform this calculation. (See interrogatory Set VII 11 and 12, and Set VIII 1.) The OCA is unable to calculate the Company's allocation formula based on actual data because the Company has not indicated how it derives the factors in its allocation formula and the Company has objected to providing actual information for its affiliates.

14. Because the information requested is relevant and the Company's answer to OCA's interrogatory is non-responsive, the Commission should Compel the Company to completely answer OCA interrogatory Set VIII No. 2.

Interrogatory Set VIII Question No. 3.

15. OCA's interrogatory set VIII-3 requests CTCO to indicate how often during a calendar year CTCO adjusts its affiliate billings to reflect actual versus budgeted data with regard to the following: a) actual affiliate expenses; b) affiliate number of hours worked for CTCO; and, c) a change in the "3-factor" allocation factors.

16. The Company's response to Interrogatory Set VIII-3 states that no such analysis has been performed by the Company. The Company's answer is non-responsive because the interrogatory does not ask for analysis. The Interrogatory asks when the Company adjusts its affiliate billings to reflect actual versus budgeted data; a question the Company has failed to answer. The complete interrogatory and the Company's written response is attached. See Appendix A.

17. The OCA submits that the information requested is relevant to the Company's corporate management service fees - an issue the Commission has directed parties to examine in this proceeding.

18. Because the information requested is relevant and the Company's answer to OCA's interrogatory is non-responsive, the Commission should Compel the Company to completely answer OCA interrogatory Set VIII No. 3.

Interrogatory Set VIII Question No. 4.

19. OCA's interrogatory set VIII-4 requests CTCO to indicate how often and at what point(s) in time during a calendar

year is the "3 factor" parent corporate management service fee allocation recomputed.

20. The Company's response to Interrogatory Set VIII-4 indicate that the OCA should see the Company's responses to Set V No. 17 and OCA Set VII No. 9. However, neither of these interrogatory responses indicates when the "3 factor" parent corporate management service fee allocation is recomputed. The complete interrogatory and the Company's response, including the interrogatory responses referenced, are attached. See Appendix A.

21. The OCA submits that the information requested is relevant to the Company's corporate management service fees - an issue the Commission has directed parties to examine in this proceeding.

22. Because the information requested is relevant and the Company has failed to answer the OCA's interrogatory, the Commission should Compel the Company to completely answer OCA interrogatory Set VIII No. 4.

Interrogatory Set VIII Question No. 7.

23. OCA's interrogatory set VIII-7 requests CTCO to indicate for each of C-TEC's Corporate officers indicated on the last page of its Annual Report for the years 1990, 1991, 1992, and 1993, the amount of each officer's total compensation and the amount of that compensation that was expensed to CTCO through parent management service fee allocation and indicate the CTCO accounts charged.

24. The Company's response to Interrogatory Set VIII-7 provides the total C-TEC Corporate Officers' salaries and the portion charged to CTCo for 1990, 1991 and 1992. CTCo's response indicates that the information applicable to 1993 compensation is not available. The complete interrogatory and the Company's response including the interrogatory responses referenced is attached. See Appendix A.

25. The Company's response fails to completely answer the OCA's interrogatory. First, it fails to provide any information for 1993. CTCo has already made a claim in this case for 1993 affiliate expense but it now will not explain what portion of the C-TEC expense this claim relates to. This information is necessary for the OCA to evaluate CTCo's future test year affiliate transaction expense claim. Second, the Company has failed to provide the total historic compensation for each of the officers listed on the last page of C-TEC's annual report as well as the amount of their compensation that is charged to CTCo. The OCA submits that this detailed information is necessary for the OCA to evaluate CTCo's affiliate transaction expense.

26. Because the information requested is relevant and the Company has failed to answer the OCA's interrogatory, the Commission should Compel the Company to completely answer OCA interrogatory Set VIII No. 7.

Interrogatory Set VIII Question No. 8.

27. OCA's interrogatory set VIII-8 requests CTCo to indicate the portion and amount of parent corporate management

service fees charged to CTCo's corporate executive expense that originates with the compensation of C-TEC employees for the years 1989, 1990, 1992, and budgeted for 1993.

28. The Company's response to Interrogatory Set VIII-8 provides the requested information for 1989, 1990, 1991 and 1992. However, the Company's response indicates that information applicable to 1993 compensation is not available. The complete interrogatory and the Company's response is attached. See Appendix A.

29. The Company's response fails to completely answer the OCA's interrogatory, because it fails to provide any information for 1993. The Company has already made a claim for 1993 but fails to state what portion of the C-TEC expense this claim represents. This information is necessary for the OCA to evaluate CTCo's affiliate transaction expenses.

30. Because the information requested in the OCA's interrogatory Set VIII No. 8 is relevant and the Company has failed to completely answer this interrogatory, the Commission should Compel the Company to completely answer OCA interrogatory Set VIII No. 8.

Interrogatory Set VIII Question No. 9.

31. OCA's interrogatory set VIII-9 requests CTCo to indicate the portion and amount of the increase in parent corporate management service fees charged to CTCo's corporate executive expense that is due to increases in compensation paid to C-TEC employees for the years 1989, 1990, 1991, 1992, and 1993. The

interrogatory also asks for the portion that is due to hiring new employees.

32. The Company's response to Interrogatory Set VIII-9 indicates that no such analysis has been performed by the Company. The complete interrogatory and the Company's response is attached. See Appendix A.

33. The OCA submits that the information requested is relevant to the Company's corporate management service fees - an issue the Commission has directed parties to examine in this proceeding.

34. Because the information requested in the OCA's interrogatory Set VIII No. 9 is relevant and the Company has failed to answer such, the Commission should Compel the Company to answer OCA interrogatory Set VIII No. 9.

Interrogatory Set VIII Question No. 14.

35. OCA's interrogatory set VIII-14 requests CTCo to indicate CTCo's budgeted 1993 amount for MIS services and if this whole amount will be paid to systematics, Inc. If not, please explain.

36. The Company's response to Interrogatory Set VIII-14 indicates the total amount for MIS services and the portion that will be paid to Systematic, Inc. However, the Company fails to explain the portion of CTCo's MIS expense that is not being paid to Systematics. The complete interrogatory and the Company's response is attached. See Appendix A.

37. The OCA submits that the information requested is relevant to the Company's expenses for MIS services.

38. Because the information requested in the OCA's interrogatory Set VIII No. 14 is relevant and the Company has failed to completely answer this interrogatory, the Commission should Compel the Company to completely answer OCA interrogatory Set VIII No. 14.

39. For the reasons set forth above the OCA submits that the requested information in OCA interrogatories Set VI No. 29 and Set VIII Nos. 1-4, 7-9 and 14 are relevant to the OCA's examination of CTC's expense. Therefore, the OCA submits that the OCA is entitled to this information under the Commission's rules of discovery.

WHEREFORE, for the reasons herein, the OCA respectfully moves that CTCO be directed to immediately provide the data requested in OCA's interrogatory Set VI No. 29 and Set VIII Nos. 1-4, 7-9 and 14. The information the OCA has requested is relevant to the issues in this proceeding and necessary for the OCA to present a proper case to the Commission.

Respectfully submitted,



Mark J. Shostak
Assistant Consumer Advocate

Counsel for:
Irwin Popowsky
Consumer Advocate

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

Dated: May 25, 1993
8023

APPENDIX A

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET VI
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

29. Please provide copies of C-TEC's Commonwealth Builder Plan, Short-Term Incentive Compensation Plan, Long-Term Incentive Compensation Plan, and Stock Option and Stock Appreciation Rights Plans. Please provide copies of the above plans for the years 1990, 1991, 1992 and 1993.

ANSWER: Attached are the following C-TEC requested documents: the C-TEC Commonwealth Builder Plan, the Performance Incentive Compensation Plan which includes the Short-Term and the Long-Term Compensation Plans and the Stock Option and Stock Appreciation Right and Plans.

PREPARED BY: JOHN FILIPOWICZ, PAUL MAZZA AND DON CAWLEY

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET VIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

1. Please describe in detail how each of the three factors used in the management service fee allocator are derived. This description should include but not be limited to the accounts and subaccounts included in the derivation of each of the three factors.

ANSWER: See direct testimony of Paul W. Mazza.

PREPARED BY: DON CAWLEY AND PAUL MAZZA

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET VIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

2. Please provide together with supporting numbers the calculation of the 3-factor allocation for the years 1989, 1990, 1991 and 1992 using actual data for each of the three factors. Instead of using budgeted numbers for the three factors, employees, expenses and gross assets, use actual data for employees, expenses and gross assets.
 - a. For the years 1989, 1990, 1991 and 1992, provide together with supporting numbers, the calculation of the 3-factors allocation using actual data as of the day December 31 of each year. Specifically, employees and gross assets should be spot figures and total expenses should be for the year ended December 31.
 - b. For the years 1991 and 1992, provide together with supporting numbers, the calculation of the 3-factor allocation using actual data for each quarter. Specifically, provide quarterly calculations showing the spot figures for employees and gross assets for that quarter and indicating the total expenses as of the year ending that quarter.

ANSWER: a. No such analysis has been performed by the Company.
b. No such analysis has been performed by the Company.

PREPARED BY: DON CAWLEY AND PAUL MAZZA

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET VIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

3. Please indicate how often and at what point in time during a calendar year CTCO adjusts its affiliate billings to reflect actual versus budgeted data with regard to the following:
a) actual affiliate expenses; b) affiliate number of hours worked for CTCO; and, c) a change in the "3-factor" allocation factors. Please provide this information for the years 1989, 1990, 1991, 1992 and 1993.

ANSWER: No such analysis has been performed by the Company.

PREPARED BY: DON CAWLEY AND PAUL MAZZA

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET VIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

4. Please indicate how often and at what point(s) in time during a calendar year is the "3 factor" parent corporate management service fee allocation recomputed? Please provide this information for the years 1989, 1990, 1991, 1992 and 1993.

ANSWER: See response to OCA Set V, Question 17 and OCA Set VII, Question 9.

PREPARED BY: DON CAWLEY AND PAUL MAZZA

**RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET V
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020**

17. Please provide the allocation % used for CTCO and all other affiliates as well as supporting workpapers for such for the years 1989, 1990, 1991, and 1992 when available.
- a. Is the allocator calculated on a weekly, monthly, or yearly basis? Provide the specific dates on which CTCO's allocation % was calculated for the years 1989-1992.
 - b. Does C-TEC use the number of actual full-time employees or the number of budgeted full-time employees to determine the cost allocation for all of its affiliates? Please explain how the cost allocation % is determined.
 - c. Please reconcile the number of employees shown in CTCO's response to OCA Interrogatory Set III No. 5 with the number of CTCO employees indicated in response to OCA Interrogatory Set III No. 23.
 - d. Are any expenses outside of corporate operation accounts expensed to CTCO by any affiliates through the use of an allocation %.
 - e. Are any expenses outside of corporate parent management service fees expensed to CTCO by any affiliates through the use of an allocation %. If yes, please explain.
 - f. Please provide the amount of affiliate expense that was allocated to CTCO for the years 1989, 1990, 1991 and 1992 when available. Please provide a breakdown of these expenses for each year by account number.
 - g. Please provide a detailed description of all expenses greater than \$10,000 that are allocated to CTCO and C-TEC's other affiliates for the calendar years 1989, 1990, 1991 and 1992 when available. Please indicate the accounts to which these charges are expensed.

ANSWER: The following allocation percent to CTCO and all other affiliates for the years 1989, 1990, 1991 and 1992 are as follows:

	<u>CTCO</u>	<u>Other Affiliates</u>
1989	72.14	27.86
1990	53.11	46.89
1991	54.88	45.12
1992	52.76	47.24

See Exhibit (OCA Set V, Question #17) for allocation workpapers for the years 1989, 1990, and 1992. See Exhibit (OCA Set III, Question #23) for allocation workpapers for 1991

- a. Yearly.
- b. C-TEC uses the number of budgeted full-time employees to determine the cost allocation for all of its affiliates. See Exhibit OCA, Set III, #23, for methodology of how the cost allocation % is determined.
- c. CTCo's response to OCA Set III, #5, reflects the number of employees as of December 31, 1992. The response to OCA Set III, #23, represents an amount applicable to a prior year as required to answer said question.
- d. Yes.
- e. No.
- f. See Exhibit (OCA Set V, Question #17f) for the amount of affiliate expense allocated to CTCo, and a breakdown of these expenses by account number.
- g. CTCo does not receive details of expenses charged through parent management fees. Therefore, CTCo cannot provide a detailed description of charges. However, CTCo is investigating this issue and reserves the right to present testimony on the topic.

PREPARED BY: DON CAWLEY

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET VII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

9. Please provide a breakdown by account and subaccount of the gross asset figure used in the management service fee allocation % for CTCO's affiliates for the years 1990, 1991 and 1992.

ANSWER: As stated in prior responses, factors used to calculate the allocation percent were based on budget. Said factors are not prepared on a budgeted account and subaccount level basis.

PREPARED BY: DON CAWLEY

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET VIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

7. For each of C-TEC's Corporate Officers indicated on the last page of its Annual Report for the years 1990, 1991 and 1992 and 1993, please indicate the amount of each officer's total compensation and the amount of that compensation that was expensed to CTCo through parent management service fee allocation and indicate the CTCo accounts charged.

ANSWER: The total C-TEC Corporate Officer salaries were approximately \$3,251,000, \$7,863,000 and \$8,819,000 in 1990, 1991 and 1992, respectively. The amount of said compensation which was allocated to CTCo as parent management service fee was \$1,960,000, \$3,178,000, and \$3,668,000, in 1990, 1991 and 1992, respectively.

These costs were charged to Corporate operations executive, accounting and finance, legal and human resources accounts. Information applicable to 1993 compensation is not available.

PREPARED BY: DON CAWLEY

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET VIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

8. Please indicate the portion and amount of parent corporate management service fees charged to CTCO's corporate executive expense that originates with the compensation of C-TEC employees for the years 1989, 1990, 1991 and 1992 and budgeted for 1993.

ANSWER: The amount of parent Corporate management service fees charged to CTCO's Corporate executive expense that originates with the compensation of C-TEC employees for the years 1989, 1990, 1991 and 1992 was approximately \$1,716,000, \$1,759,000, \$2,921,000 and \$3,392,000, respectively.

Information applicable to 1993 compensation is not available.

PREPARED BY: DON CAWLEY AND PAUL MAZZA

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET VIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

9. Referring to the question directly above, please indicate the portion and amount of the increase in parent corporate management service fees charged to CTCO corporate executive expense that is due to increases in compensation paid to C-TEC employees for the years 1989, 1990, 1991, 1992 and 1993. In addition, indicate the portion and amount of the increase that is due to hiring new employees.

ANSWER: No such analysis has been performed by the Company.

PREPARED BY: DON CAWLEY AND PAUL MAZZA

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE, SET VIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

14. Please indicate the amount CTCO has budgeted for in 1993 for MIS services. Please indicate if this whole amount will be paid to Systematics, Inc.? If not, please explain.

ANSWER: CTCO anticipates costs for MIS services of approximately \$5,419,000 in 1993, of which \$4,187,000 relates to services provided by systematics, Inc.

PREPARED BY: DON CAWLEY

CERTIFICATE OF SERVICE

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

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

Dated this 26th day of May, 1993.

SERVICE IN PERSON

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

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

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

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

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

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

Mark J. Shostak
Mark J. Shostak
Assistant Consumer Advocate



OFFICE OF CONSUMER ADVOCATE
1425 Strawberry Square
Harrisburg, Pennsylvania 17120

IRWIN A. POPOWSKY
Consumer Advocate

(717) 783-5048

May 26, 1993

RECEIVED
MAY 26 1993

John G. Alford, Secretary
PA Public Utility Commission
Room G-23, North Office Bldg.
Harrisburg, PA 17120

SECRETARY'S BUREAU
Information Control Division

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

Dear Secretary Alford:

Enclosed please find for filing an original and 3 copies of the Office of Consumer Advocate's Prehearing Memorandum in the above-captioned proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely,


Philip F. McClelland
Assistant Consumer Advocate

Enclosures
cc: All parties of record
8492

DOCUMENT
FOLDER

CERTIFICATE OF SERVICE

RECEIVED
MAY 26 1993

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

SECRETARY'S BUREAU
Information Control Division

I hereby certify that I have this day served a true copy of the foregoing document, Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 26th day of May, 1993.

SERVICE IN PERSON

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

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

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

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Scott Burnside, V.P.
Revenue & Public Affairs
Commonwealth Telephone Co.
100 Lake Street
Dallas, PA 18612
(Also by Facsimile)

J. Randall Woolridge
Penn State University
609 Business Administration
Building One
University Park, PA 16802

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

Thomas S. Catlin, V.P.
Exeter Associates
10801 Lockwood Drive
Suite 350
Silver Spring, MD 20901

James W. Currin
Snavelly, King & Assoc., Inc.
Suite 410
1220 L Street, N.W.
Washington, DC 20005

Mark Shostak

Mark J. Shostak
Assistant Consumer Advocate

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :

v. :

COMMONWEALTH TELEPHONE :
COMPANY :

DOCKET NO. I-00920020

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. § 333, the Office of Consumer Advocate (OCA) files this prehearing memorandum and provides the following information:

I. DISCOVERY AND TESTIMONY

The OCA wishes to emphasize the need to receive timely and complete information in order to meet the goals of this proceeding and thoroughly examine the rates of Commonwealth. In this section the OCA will discuss recent issues regarding discovery and testimony. The OCA has previously emphasized this point in its Motion to require Commonwealth to supplement its previously filed testimony and provide a full explanation of the derivation of their claims in this case. In response to Administrative Law Judge

DOCUMENT DOCKETED
FOLDER

JUN 08 1993

Kashi's requirement to file supplemental testimony under the terms of Paragraph 19 of that Motion, Commonwealth has begun to provide additional presentation of information but did not complete its presentation until May 25. Due to the late date at which some of this information was provided, the OCA has not completed its evaluation of this most recent material.

Further, the OCA emphasizes its need to receive additional information which has been the subject of Motions to Compel. The OCA has moved to compel responses to 19 interrogatories. These motions to compel are listed below with the related questions, some of the topics at issue and the date filed.

Interrogatories	Topics at Issue	Date Filed
VI-32	Affiliate Compensation	4/21/93
VI-33	Affiliate Expenses	4/21/93
VI-34	Affiliate Compensation	4/21/93
VI-35	Affiliate Charges	4/21/93
VI-36	Affiliate Compensation	4/21/93
VI-37	Affiliate Compensation	4/21/93
VI-38	Affiliate Compensation	4/21/93
VI-39	Affiliate Compensation	4/21/93
VI-40	Affiliate Compensation	4/21/93
VI-41	Affiliate Compensation	4/21/93
VII-11	Affiliate/Rate of Return	4/28/93
VII-12	Affiliate/Rate of Return	4/28/93
VI-29	Affiliate Compensation	5/26/93
VIII-1	Affiliate Management Fee	5/26/93
VIII-2	Affiliate Management Fee	5/26/93
VIII-3	Affiliate Expenses	5/26/93
VIII-4	Affiliate Management Fee	5/26/93
VIII-7	Affiliate Compensation	5/26/93
VIII-8	Affiliate Compensation	5/26/93
VIII-9	Affiliate Management Fee	5/26/93
VIII-14	MIS Expense	5/26/93

The OCA requests a ruling on these issues as soon as possible so that it may proceed with its examination of Commonwealth.

We emphasize the efforts that the OCA has made to discover material which is directly related to the topic of this Commission initiated investigation. What has begun to emerge in the interrogatory responses received is a pattern of avoiding any material responses to questions which are highly relevant to the essential issues in this investigation. The OCA will emphasize below one example of this form of evasion.

In its Order in this case, the PUC specifically noted that management services fees have increased dramatically during the 1990-1991 period and asked Commonwealth to explain why this is so. Pennsylvania Public Utility Commission v. Commonwealth Telephone Company, I-00920020, April 8, 1992, Order Attachment A. In the Commonwealth response, it explained that, in part, this increase in charges results from changes in the allocation factor which is responsible for charging some affiliated expenses to Commonwealth as well as other affiliates. See OCA Set I-16. This allocation formula was proposed by CTCO in its 1989 affiliated interest agreement with C-TEC as follows:

1.2.2 Allocated Charges (also known as "Management Fees"): All remaining costs of providing services hereunder, including interest expense, which are not Direct Charges as hereinabove provided shall be allocated among each group. The allocable share of such costs to be paid by each Group, including the Telephone Group, shall be determined by multiplying the residual cost (total cost less Direct Charges) of providing the services by the average proportionate share of the group. Proportionate shares will be determined by applying the following equally-weighted factors to the total of all Groups receiving services: (i) operating expenses, (ii) full-time equivalent employees, and (iii) gross

assets. Each such Group will respectively charge their divisions, if any for such allocated costs, based on such factors as each deems appropriate.

CTCo affiliated agreement as filed at Docket No. G-890183 at 5.

Through discovery the OCA also learned that the C-TEC allocation through which millions of dollars of charges have been flowed to C-TEC is calculated not based on the actual factors at issue but from "budgeted" projections. OCA Set VII-8. The OCA seeks to determine the difference between the actual and budgeted factors.

Most recently, on April 28, 1993, as a part of interrogatories Set VIII, OCA asked two questions on this issue which are discussed below. These questions and the responses are as follows:

1. Please describe in detail how each of the three factors used in the management service fee allocator are derived. This description should include but not be limited to the accounts and subaccounts included in the derivation of each of the three factors.

ANSWER: See direct testimony of Paul W. Mazza.

2. Please provide together with supporting numbers the calculation of the 3-factor allocation for the years 1989, 1990, 1991 and 1992 using actual data for each of the three factors. Instead of using budgeted numbers for the three factors, employees, expenses and gross assets, use actual data for employees, expenses and gross assets.
 - a. For the years 1989, 1990, 1991 and 1992, provide together with supporting numbers, the calculation of the 3-factors allocation using actual data as of the day December 31 of each year. Specifically, employees and gross assets should be spot figures and total expenses should be for the year ended December 31.

- b. For the years 1991 and 1992, provide together with supporting numbers, the calculation of the 3-factor allocation using actual data for each quarter. Specifically, provide quarterly calculations showing the spot figures for employees and gross assets for that quarter and indicating the total expenses as of the year ending that quarter.

- ANSWER: a. No such analysis has been performed by the Company.
- b. No such analysis has been performed by the Company.

Such answers provide none of the necessary information sought which is relevant to this issue and the OCA has recently filed a motion to compel in response.

In response to Question 1, CTCo only provides a general reference to the testimony of Mr. Mazza. Mr. Mazza discusses the calculation of the allocator used in the most general of terms. Mr. Mazza states: "Then, the remaining costs are allocated among C-TEC's affiliates based upon a PUC approved three-factor formula." CTCo St. 4 at 15. Then he shows how these factors have changed over the years. None of this answer provides the detail sought by the OCA in its interrogatory.

In response to Question 2, OCA has requested allocation percentages based upon actual factors as well as the underlying data. This directly relates to the type of allocation data that the Commonwealth affiliated agreement requires must be used. Thus, the OCA has not been able to determine the calculation of the allocation factor pursuant to the PUC approved affiliated interest agreement that Commonwealth has filed.

Commonwealth responded to this request for information by stating that "No such analysis has been performed by the Company." While revealing in itself, this does not in any manner respond to the question. OCA emphasizes that no objection has been made to this question. The OCA discovery goes to the data and the calculation and not to the question of whether Commonwealth has done these calculations. Obviously, OCA has asked that these calculations be done and so the answer is entirely non-responsive.

This discussion is included here in order to discuss the continuing difficulty that the OCA has experienced in getting information concerning the issues emphasized by the PUC in its orders. This type of discovery response is little more than going through the motions of providing information and does not further the goals of the investigation or efficiently use the administrative process. This also continues to have an effect upon the ability of all parties to prepare for hearings.

II. SCHEDULING

As indicated above, it has been difficult to obtain the information necessary to prepare for hearings. OCA has also reviewed the schedule previously discussed at the prior conference with its experts. OCA has determined - due to various scheduling conflicts - that it will not be able to conduct informal discovery, cross-examine at a June 21 and 22 hearing and file testimony on June 29.

Instead, OCA proposes the following schedule which OCA can meet. This schedule also appears to be generally acceptable to the parties other than Commonwealth. Moreover, it provides for only a small extension in the overall litigation period. Accordingly, the OCA requests that the proposed schedule be adopted as follows:

Commonwealth's Direct Testimony	May 3 and 4, 1993
Commonwealth's Supplemental Testimony	May 19, 21 and 25, 1993
Prehearing Conference	May 27, 1993
Informal Discovery at Commonwealth's Offices	June 21-22, 1993
Cross of Commonwealth	June 30, July 1-2, 1993
OCA's and Other Parties Testimony	July 16, 1993
Cross of OCA and Other Parties	August 19-20, 1993
Cross on Rate Structure	August 23, 1993
Rebuttal Testimony	September 3, 1993
Written Surrebuttal	September 21, 1993
Hearings on Rebuttal & Surrebuttal	October 7-8, 1993

III. WITNESSES

As the OCA has considered the current testimony of Commonwealth, OCA proposes an updated list of witnesses as follows:

A. Rate of Return

J. Randall Woolridge
Penn State University
Building 1
609 Business Administration
University Park, PA 16802

B. Revenues/Expenses/Rate Base/Accounting/Affiliated Transactions


Thomas S. Catlin
Randy Allen
Exeter Associates
Suite 350
10801 Lockwood Drive
Silver Spring, MD 20901

C. Depreciation

James W. Currin
Snavelly, King & Associates, Inc.
Suite 410,
1220 L Street, N.W.
Washington, DC 20005

This encompasses OCA's current view as to how it will present its case but OCA reserves the right to make additional changes.

Respectfully submitted,


Philip F. McClelland
Mark J. Shostak
Assistant Consumer Advocates

FOR:
Irwin A. Popowsky
Consumer Advocate

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

DATED: May 26, 1993
8435

RECEIVED

May 26, 1993

MAY 27 1993

SECRETARY'S OFFICE
Public Utility Commission

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

Re: Commonwealth Telephone Company's Answers to AT&T's
Interrogatories, Set III, Docket No. I-00920020

Dear Mr. Keffer:

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

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

Sincerely,

TUCKER ARENSBERG, P.C.


NORMAN JAMES KENNARD

NJK/dmb
ctco/inv/keffer3.ler

Enclosure

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

DOCUMENT
FOLDER

RECEIVED

MAY 27 1993

SECRETARY'S OFFICE
Public Utility Commission

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

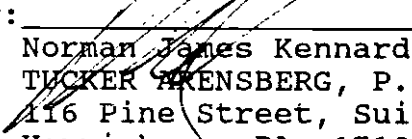
PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
v. : DOCKET NO. I-00920020
COMMONWEALTH TELEPHONE COMPANY :

CERTIFICATE OF SERVICE

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

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

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

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

DOCKETED
JUN 11 1993

DOCUMENT
FOLDER

May 26, 1993

RECEIVED

VIA HAND DELIVERY

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

MAY 27 1993
SECRETARY'S OFFICE
Public Utility Commission

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

Dear Mr. McClelland:

Enclosed herewith please find two copies of Commonwealth Telephone Company's ("CTCO") Responses to the Interrogatories of the OCA, Set X, in the above-captioned matter. The attachment to CTCO's response to OCA Interrogatory Set X, No. 4 has been provided only to the OCA, but is available and will be furnished to the other parties upon their request.

As evidenced by the attached Certificate of Service, all parties of record have been served a copy of this filing.

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

Sincerely,

TUCKER ARENSBERG, P.C.

DOCUMENT
FOLDER

James P. Melia
JAMES P. MELIA

JPM/dmb
ctco/inv/mcclelx.ltr

Enclosure

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

RECEIVED

MAY 27 1993

SECRETARYS OFFICE
Public Utility Commission

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

COMMONWEALTH TELEPHONE COMPANY

:
:
:
:
:
:

DOCKET NO. I-00920020

CERTIFICATE OF SERVICE

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

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

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

DOCKETED
JUN 11 1993

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

* - Via Hand Delivery

DOCUMENT
FOLDER

May 27, 1993

RECEIVED
MAY 27 1993

SECRETARY'S BUREAU
Information Control Division

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

RLS

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

Dear Secretary Alford:

Enclosed for filing are an original and two copies of Commonwealth Telephone Company's Response to AT&T's Objections and Motion to Compel in the above captioned proceeding. As evidenced by the attached Certificate of Service, all parties have been served a copy of this document.

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

Sincerely,

TUCKER ARENSBERG, P.C.

James P. Melia
JAMES P. MELIA

JPM:dh
ctco\AT&T.mot
ENCLOSURES
cc: All parties of record

DOCUMENT
FOLDER

ORIGINAL

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION,

v.

COMMONWEALTH TELEPHONE
COMPANY

:
:
:
:
:
:
:
:
:
:

Docket No. I-00920020

RECEIVED

MAY 27 1993

SECRETARY'S OFFICE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
*COMMONWEALTH TELEPHONE COMPANY'S
RESPONSE TO AT&T'S OBJECTIONS
AND MOTION TO COMPEL*

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

I. INTRODUCTION

1. On April 29, 1993, AT&T served its Interrogatories (Set II) in the above-captioned proceeding.
2. On May 10, 1993, CTCO objected to the following Interrogatory Nos. 85, 89, 90, 98, 99, 102, and 103.
3. On May 24, 1993, AT&T filed its Response to Objections and Motion to Compel.
4. CTCO herein responds to AT&T's Motion as follows:

DOCKETED
JUN 09 1993

DOCUMENT
FOLDER

II. DISCUSSION

AT&T Interrogatory Nos. 85, 89, 98, 99, and 102 (Set II) state as follows:

INTERROGATORY NO. 85

Commonwealth's response to AT&T interrogatory 19 was incomplete. Please provide the requested data on a "total industry" basis, not just for AT&T.

INTERROGATORY NO. 89

Please note any and all differences in the way CLD and AT&T purchase and pay for interstate access services obtained from Commonwealth. This response should include, but not necessarily be limited to, differences in rates, terms, conditions, arrangements, or any other factor involved in the provision of access services.

INTERROGATORY NO. 98

Commonwealth's responses to OCA interrogatory Set i number 13 describes "Telemarketing Call Transfers" as "Utilized to record Commonwealth Telephone Company switchboard operators receiving information from Commonwealth Long Distance Company telemarketing operations." Please indicate what "information" is being provided from CLD to Commonwealth. Please provide copies of the records of this "information" from July, 1992, to the most recent month for which data is available.

INTERROGATORY NO. 99

Referencing Commonwealth's response to OTS interrogatory Set I, OTS-RE-5, and the Commonwealth/CLD agreements attached thereto, please list the "sales and telemarketing services" provided by Commonwealth to CLD. For 1991 and 1992 please provide copies of the "accurate information and records" maintained by Commonwealth relative to those services, as described in the agreements at paragraph 5.

INTERROGATORY NO. 102

Referencing Commonwealth's response to OCA Set VI, number 20, please indicate whether CLD pays less per message than AT&T for billing and collection services. If this question cannot be answered with a simple yes or no, then please indicate the "flat rate per message" Commonwealth

charges CLD. (AT&T recognizes this information is highly sensitive and will execute an appropriate protective agreement precluding review of the data by any AT&T employee involved in negotiating billing agreements).

CTCO objected to the above-mentioned Interrogatories on the basis of confidentiality, relevance, burdensomeness, and unfair advantage.

AT&T seeks to compel production of the above-listed information on the grounds that, by its agreement to sign a protective order limiting access of AT&T personnel to the above information, the grounds of CTCO's objections are somehow cured. This assumption is incorrect.

First, while CTCO may consider entering into a protective order relative to provision of this information, such an order would have to be sufficiently restrictive to address CTCO's valid concerns regarding dissemination of this information and creation of an unfair competitive advantage for AT&T. CTCO is not certain at this time that the generic protective order entered into by the parties at the beginning of this proceeding would, by itself, be sufficient to offer the above-stated protections.

Even if an appropriate protective order could be entered into, CTCO's objections as to relevance, burdensomeness, and unfair advantage, still stand. CTCO considers the information sought to not be relevant to the scope of this proceeding despite AT&T's contentions regarding the Commission's Opinion and Order of July 19, 1992. Further, AT&T's Motion does not address the considerable burden which CTCO would be put to in order to research the manner in which CLD, an unregulated affiliate and not a subject of this

proceeding, does its business. Finally, AT&T's Motion to Compel does not address CTCO's underlying concern that, by having access to this information, AT&T would have an unfair advantage in the future in negotiating with CTCO regarding billing and collection charges, access charges, market services and market share as AT&T would be the only toll carrier in possession of such data. For the foregoing reasons, CTCO should not be required to provide the above-requested information.

CTCO further objects to AT&T Interrogatory No. 90 (Set II) which states as follows:

INTERROGATORY NO. 90

Following up on AT&T interrogatory 37, please indicate the annual amounts Commonwealth has received from interstate CCL revenues for each year during the transition period.

CTCO objects to production of this information on the basis of relevance and that AT&T already possesses this data. As stated previously, AT&T's Motion to Compel, offering to enter into a protective agreement, does not address CTCO's concerns regarding relevance of this information to this case and the burdensomeness of CTCO providing AT&T with information which it already receives through the monthly CABS bill.

CTCO additionally objects to Interrogatory No. 103 (Set II) which states as follows:


INTERROGATORY NO. 103

Please provide a copy of Commonwealth telephone directories for the three Commonwealth local calling areas with the greatest number of subscribers.

CTCO objects to this Interrogatory on the basis of relevance and burdensomeness. AT&T's response to CTCO's objections does not adequately address CTCO's concerns as to the relevance of the requested information to this proceeding and the burden of providing same. CTCO cannot conceive of what could possibly be contained in its telephone directories that would be relevant to this case. Further, the directories are readily available at public libraries and other locations within CTCO's service area.

WHEREFORE, for all the foregoing reasons, Commonwealth Telephone Company respectfully requests that AT&T's Motion to Compel information in the above-listed Interrogatories be denied.

Respectfully submitted,



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

Dated: May 27, 1993

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

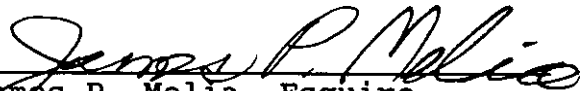
I hereby certify that, on this 27th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

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

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

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

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

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

ORIGINAL

May 27, 1993

IN REPLY PLEASE
REFER TO OUR FILE

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

RECEIVED
MAY 27 1993

SECRETARY'S BUREAU
Information Control Division

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

Dear Secretary Alford:

Enclosed please find an original and two (2) copies of the Motion of the Office of Trial Staff to Compel Commonwealth Telephone Company to Answer Office of Trial Staff Interrogatories in the above-captioned proceeding. Copies are being served upon all active parties of record as evidenced by the Certificate of Service.

Sincerely,

Kandace F. Melillo

Kandace F. Melillo
Carol F. Pennington
Prosecutors
Office of Trial Staff

Enclosures

cc: Parties of Record

DOCUMENT
FOLDER

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ADMINISTRATIVE LAW JUDGE
GEORGE M. KASHI

RECEIVED
MAY 27 1993

SECRETARY'S BUREAU
Information Control Division

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION, et al. :

v. :

Docket No. I-00920020

COMMONWEALTH TELEPHONE :
COMPANY :

DOCKETED

JUN 09 1993

MOTION OF THE OFFICE OF TRIAL STAFF
TO COMPEL
COMMONWEALTH TELEPHONE COMPANY
TO ANSWER OFFICE OF TRIAL STAFF INTERROGATORIES

NOW comes the Office of Trial Staff (OTS) by its attorneys, Kandace Melillo and Carol F. Pennington, and pursuant to 66 Pa. C.S. Section 333(d) and 52 Pa. Code Section 5.342 (a-d), 5.371(a)(1), and 5.372, requests that Administrative Law Judge George Kashi issue an Order compelling Commonwealth Telephone Company to answer OTS-RE-23 and OTS-RE-24, interrogatories set forth by OTS. In support of this Motion, OTS respectfully represents as follows:

1. Your Honor has authority pursuant to 66 Pa. C.S. 333(d) to issue "an order compelling an answer to an

DOCUMENT
FOLDER

interrogatory or interrogatories to which there has been [a] . . . failure to answer."

2. Regulations of the Public Utility Commission at 52 Pa. Code Section 5.342(a-d) provide that interrogatories must be answered fully and completely unless objected. In this proceeding it has been agreed that answers will be provided within 15 days.

3. Regulations of the Public Utility Commission at 52 Pa. Code Section 5.371(a)(1) provide that "the presiding officer may, on motion, make an appropriate order if one of the following occur: (1) A participant fails to appear, answer, file sufficient answers, file objections, make a designation or otherwise respond to discovery requests, as required under this subchapter."

4. Regulations at 52 Pa. Code Section 5.372 (a) provide: "The presiding officer, when acting under sec. 5.371 . . . may make one of the following: (1) An order that the matters regarding which the questions were asked . . . shall be taken to be established for the purposes of the action in accordance with the claim of the party obtaining the order. (2) An order refusing to allow the disobedient party to support or oppose designated claims or defenses, or prohibiting him from introducing in evidence designated documents, things or testimony. (3) An order striking out pleadings or parts thereof, staying further proceedings until the order is obeyed, or entering a judgment against the disobedient

participant . . . (4) An order with regard to the failure to make discovery as is just."

5. Regulations at 52 Pa. Code Section 5.372 (b) provide: "In addition to the sanctions described in subsection (a), in rate proceedings, when a participant fails to answer discovery requests on the date due, the presiding officer may issue an order that the hearing schedule be modified, that the deadline for the filing of other participants' written testimony be extended, or that provides other relief that will allow the other participants a sufficient and reasonable opportunity to prepare their cases."

6. On May 10, 1993, OTS submitted to Commonwealth Telephone Company interrogatories numbered OTS-RE-23 and OTS-RE-24. Since these interrogatories were served on the Company's attorney by FAX, the answers were due on May 25, 1993. On May 25, Commonwealth delivered answers to these interrogatories. The answer to OTS-RE-23 is incomplete and the answer to OTS-RE-24 is nonresponsive. Both answers are attached to this motion.

7. The OTS attorney was in contact with the attorney for Commonwealth regarding the possibility of an alternative answer to OTS-RE-24. In preparing this alternative to OTS-RE-24, the OTS attorney requested that the OTS technical staff prepare a list of the absolute minimum amount of information required as an alternative to OTS-RE-24. A letter detailing this alternative discovery request was faxed to Commonwealth's

attorney on May 20, 1993. Neither the original OTS-RE-24 nor the alternative request has been answered. A copy of the May 20 letter is attached to this motion.

8. Commonwealth's answer to OTS-RE-23 states that the ". . . information was delivered to your office on May 19th by Tucker Arensburg, P.C., under cover letter of that date signed by Norman J. Kennard, Esq." That information was in the form of schedules which were later explained by written testimony, St. No. 3-A, delivered on May 21, 1993. Those schedules do not fully answer OTS-RE-23 in that they contain no information about depreciation or taxes.

9. OTS is prejudiced by the Company's failure to respond to these interrogatories. At this point in time, OTS requires the answers to these interrogatories in order to proceed with its investigation of Commonwealth's present rates as directed by the Commission. OTS-RE-24 requested that Commonwealth provide all the filing requirements normally called for under 52 Pa.Code § 53.53. OTS takes note that the attorney for Conestoga Telephone Company, which is also involved in a Commission investigation of its current rates at Docket No. I-00920015, stated on the record at a prehearing conference on May 25, 1993, that Conestoga fully intends to comply with the Commission's filing requirements for base rate increases.

WHEREFORE, OTS respectfully requests that Administrative Law Judge George Kashi issue an Order compelling Commonwealth Telephone Company to answer the above-recited interrogatories immediately in a complete and responsive fashion, consistent with OTS's letter dated May 20, 1993. In the event that Commonwealth Telephone Company fails to respond to these interrogatories before June 7, 1993, OTS requests that Administrative Law Judge George Kashi enter an Order, pursuant to 52 Pa. Code §5.372, which stays this proceeding until full and complete answers to OTS's discovery is provided or, in the alternative, which precludes Commonwealth from filing rebuttal testimony or otherwise disputing the areas covered by these interrogatories.

Respectfully submitted,

OFFICE OF TRIAL STAFF

Kandace F. Melillo
Kandace F. Melillo
Carol F. Pennington
Prosecutors
Pennsylvania Public Utility
Commission

210 North Office Building
Harrisburg, PA 17120
(717) 787-1976

Dated: May 27, 1993

Commonwealth Telephone Company
Docket No. I-00920020
Interrogatories

Analyst: M. Maguire

- OTS-RE-21 Please reconcile the claimed Intrastate revenues for 1992 of \$73,231,596 as shown at Exhibit DPC-5 with the Intrastate claim of \$76,338,320 as shown at response to OTS-RE-18.
- OTS-RE-22
- (a) Do you agree that for the year ending December 31, 1992 that Intrastate revenues grew by 13% over 1991?
 - (b) Do you agree that 1993 interstate revenues will continue to grow at a 13% rate?
 - (c) If you answer to the above is "No" or "Unknown" please provide for the future test year, revenues annualization of Interstate revenues similar to the claim made for intrastate revenues.
- OTS-RE-23 For the test year calendar 1992, and for the future test year:
- (a) Provide unadjusted revenues, expenses including depreciation, taxes and rate base on a total company basis. (For the year 1992 these amounts should agree with figures from the company's Form M and should include all interstate and intrastate and nonregulated revenues and expenses.)
 - (b) After all the above information is supplied by sub-account, please provide schedule and details for all claimed total company normalization and annualizations, including but not limited to known changes and inflation adjustments.
 - (c) All of the above information should be subtalled so that there will be presented in schedule form a proforma income statement and rate base on a total company (non separated)

basis.

- (d) If you so desire; to the above (c) apply intrastate separation factors in order to show the intrastate income statement based upon Part 36 procedures.

OTS-RE-24

Please provide all filing requirements normally called for under Title 52 Chapter 53 Section 53.53.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

May 20, 1993

IN REPLY PLEASE
REFER TO OUR FILE

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

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

Dear Mr. Kennard:

It is our understanding, based on a telephone conversation of May 17, 1993, that your client, Commonwealth Telephone Company (Commonwealth) does not intend to provide the information requested in interrogatory OTS-RE-24, which was served upon Commonwealth on May 10, 1993. Based upon your implicit representation that a response to this interrogatory would be burdensome, I have conferred with OTS technical staff assigned to this proceeding to ascertain whether any of the filing requirements sought in OTS-RE-24 could be omitted at this time. In response to my inquiry, the following filing requirements in 52 Pa. Code §53.53 were identified as being essential to OTS' analysis of Commonwealth's filing:

<u>Page No.</u>	<u>Exhibit</u>	<u>Topical Heading</u>	<u>Essential Information Requested</u>
246.1	A	I. Valuation	#2,3,4(a)&(b), 5,6
246.2	A	I. Valuation	#6(a) & (b), 7(a) thru (f)
246.3	A	I. Valuation	#12,13,14(a) thru (e), 15
246.4	A	I. Valuation	#17,18
248.2	B	I. Valuation	#14,15

<u>Page No.</u>	<u>Exhibit</u>	<u>Topical Heading</u>	<u>Essential Information Requested</u>
248.3	-	II. Rate of Return	#1(a) thru (c), 3
248.4	-	II. Rate of Return	#4,5,6(a) thru (p), 7(a) thru (j), 8(a), (b)
248.5	-	II. Rate of Return	#8(c), 9(a) thru (d), 11, 12, 13(a)&(b)
248.6	-	II. Rate of Return	#15(a) thru (e), 16(a) thru (n)
248.7	-	II. Rate of Return	#16(o), 17, 18(a) thru (c), 19, 21(a)&(b)
248.8 thru 248.16 (up to income taxes)	-	III. Balance Sheet And Operating Statement	All of the filing re- quirements under Section III (Balance Sheet and Operating Statement) up to the income taxes section on page 248.16
248.16	-	Income Taxes	#39(a) thru (c), 40, 41, 42
248.17	-	Income Taxes	#43, 44, 45(a) &(b), 46, 47, 49(a) thru (f), 50, 51, 52
248.18	-	Income Taxes	#52(a) thru (e)

Some of the information requested herein may have previously been supplied. If the information has been previously provided, please provide an interrogatory or exhibit reference in your response. The filing requirements in the balance sheet and operating statement section (beginning at page 248.8), requires information to be supplied for both the historic (calendar year 1992) and future (calendar year 1993) test years. Also, paragraph #19 on page 248.12 requires comparative operating statements, with detailed explanations of major variances by detailed account number, for the historic and future test years (1992 and 1993) and the immediately preceding 12 months (1991).

If your client is willing to provide this essential information requested herein, in lieu of the information requested in interrogatory OTS-RE-24, please notify our office as soon as possible. If your client is not willing to comply with this modified interrogatory, please respond to OTS-RE-24 with your "non-answer" as soon as possible so that we may file the necessary documents to seek a ruling on this discovery request without undue delay to the proceeding.

Thank you for your attention and cooperation in this matter.

Very truly yours,

Kandace F. Melillo

Kandace F. Melillo
Prosecutor
Office of Trial Staff

cc: Parties of Record

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF TRIAL STAFF, RE-21 THRU RE-24
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

OTS-RE-24 Please provide all filing requirements normally called
for under Title 52 Chapter 53 Section 53.53.

ANSWER: The requested studies and formats not prepared. 53.53
is not applicable to the current proceeding.

PREPARED BY: DON CAWLEY AND NORMAN J. KENNARD, ESQ.

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF TRIAL STAFF, RE-21 THRU RE-24
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

OTS-RE-23 For the test year calendar 1992, and for the future test year:

- (a) Provide unadjusted revenues, expenses including depreciation, taxes and rate base on a total company basis. (For the year 1992 these amounts should agree with figures from the company's Form M and should include all interstate and intrastate and nonregulated revenues and expenses.)
- (b) After all the above information is supplied by sub-account, please provide schedule and details for all claimed total company normalization and annualizations, including but not limited to known changes and inflation adjustments.
- (c) All of the above information should be subtotaled so that there will be presented in schedule form a proforma income statement and rate base on a total company (non separated) basis.
- (d) If you so desire; to the above (c) apply intrastate separation factors in order to show the intrastate income statement based upon Part 36 procedures.

ANSWER: The above information was hand delivered to your office on May 19th by Tucker Arensberg, P.C., under cover letter of that date signed by Norman J. Kennard, Esq.

PREPARED BY: JOSEPH LAFFEY AND DON CAWLEY

CERTIFICATE OF SERVICE

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

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

Philip F. McClelland
Assistant Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Mark A. Keffer, Esquire
Room 3A2
3201 Jermantown Road
Fairfax, VA 22030-2885

Scott Burnside, Vice President
Commonwealth Telephone Co.
Regulatory & Public Affairs
100 Lake Street
Dallas, PA 18612

Kandace F. Melillo
Kandace F. Melillo, Esquire
Carol F. Pennington, Esquire
Prosecutors, Office of Trial Staff
Pennsylvania Public Utility Commission

Date: May 27, 1993
Docket No: I-00920020

APPEARANCE SHEET

ALJ HEARING REPORT

DOCKET NO. I-00920020
 CASE NAME PUC v. Commonwealth Telephone
Co.
 HEARING LOCATION Harrisburg
 HEARING DATE May 26,27,28, 1993
 ALJ Kashi

CHECK THOSE BLOCKS WHICH APPLY:

Hearing held YES NO
 Testimony taken YES NO
 Hearing concluded YES NO
 Further hearing needed YES NO
 Estimated add'l days July 1-2, Aug 19-20, 23,
Oct 2-8,
 RECORD CLOSED YES NO
 Date _____
 Briefs to be filed YES NO
 Date _____
 BENCH DECISION YES NO

REMARKS:

RECEIVED

MAY 27 1993

RLS

Office of A. L. J.
Public Utility Commission

RECEIVED

JUN 01 1993

SECRETARY'S BUREAU
Information Control Division

RECEIVED

MAY 28 1993

Office of A. L. J.
Public Utility Commission

DOCKETED

JUN 8 1993

NAMES, ADDRESSES AND TELEPHONE NUMBERS OF PARTIES OR COUNSEL OF RECORD
 PLEASE PRINT CLEARLY
 INCOMPLETE INFORMATION MAY RESULT IN DELAY OF PROCESS

DOCUMENT
FOLDER

NAME and TELEPHONE NUMBER	ADDRESS	APPEARING FOR
KANDACE MELILLO CAROL F. PENNINGTON Telephone No. (717) 787-1976	P.O. Box 3265	OFFICE OF TRIAL STAFF
	City: HARRISBURG State: PA Zip: 17105-3265	
Mark A. Keffer Telephone No. (703) 359-4086	3201 Jermantown Rd.	ATCT
	City: Fairfax State: VA Zip: 22030	
Philip McClelland Mark Shostak Telephone No. (717) 783-5048	1425 Strawberry Sq	OCA
	City: Hlg. State: Pa. Zip: 17120	

CHECK THIS BOX IF ADDITIONAL PARTIES OR COUNSEL OF RECORD APPEAR ON BACK.

Holbert

Reporter

NAME and TELEPHONE NUMBER	ADDRESS			APPEARING FOR
Norm ^{MR} Kennard Peter Arensburg Telephone No. (717) 238-2900	116 Pine Street			Commonwealth Telephone Company
	City HBG	State PA	Zip 17101	
Telephone No. ()				
Telephone No. ()	City			
Telephone No. ()	State			
Telephone No. ()	Zip			
Telephone No. ()	City			
Telephone No. ()	State			
Telephone No. ()	Zip			
Telephone No. ()	City			
Telephone No. ()	State			
Telephone No. ()	Zip			

May 28, 1993

VIA HAND DELIVERY

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

RECEIVED
JUN 02 1993
SECRET
Public Lib

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

Dear Mr. McClelland:

Enclosed herewith please find two copies of Commonwealth Telephone Company's answer to OCA Interrogatories, Set IX, in the above-captioned matter. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

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

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

DOCUMENT
FOLDER

NJK/dmb
ctco/inv2/mcclell.ix

Enclosure

cc: All Parties of Record
Secretary Alford (w/o enclosure)
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 28th day of May, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

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

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

DOCKETED
JUN 15 1993

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

* - Via Hand Delivery

DOCUMENT
FOLDER

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265
May 28, 1993

In Re: I-00920020

(See letter of 5/18/93)

RLS

Pennsylvania Public Utility Commission
v.
Commonwealth Telephone Company

Assessment of the impact of significant increase in certain operating expenses on the common equity return rate.

NOTICE

This is to inform you that the hearing schedule on the above-captioned case has been changed as follows:

The further hearings now scheduled for July 21-23, 1993 and September 20+21, 1993 have been cancelled.

Further hearings will be held in an available hearing room, Ground Floor, North Office Building, North Street and Commonwealth Avenue, Harrisburg, Pennsylvania on Thursday, Friday, July 1+2, 1993 at 10:00 a.m., Thursday, Friday, August 19+20, 1993 at 10:00 a.m., Monday, August 23, 1993 at 10:00 a.m. and Thursday, Friday, October 7+8, 1993 at 10:00 a.m.

The presiding officer in this proceeding is Administrative Law Judge George M. Kashi. Judge Kashi can be contacted at P.O. Box 3265, Harrisburg, Pennsylvania 17105-3265; telephone (717) 783-5452.

cc: Judge Kashi
John Frazier - PIO
Bur. of Safety/Compliance
Law Bureau
Consumer Advocate
Norma Lewis
Susan Licon
Beth Plantz
Docket Room

Certified Mail
Receipt Requested

RECEIVED
JUN 01 1993

SECRETARY'S BUREAU
Information Control Division

DOCKETED
JUN 9 1993

DOCUMENT
FOLDER

June 1, 1993

VIA HAND DELIVERY

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

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

Dear Secretary Alford:

Enclosed for filing in the above-captioned proceeding please find the original and two (2) copies of the Answer of Commonwealth Telephone Company to the Office of Consumer Advocate's Motion to Compel. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

Thank you for your attention to this matter.

Sincerely,

TUCKER ARENSBERG, P.C.


NORMAN JAMES KENNARD

NJK/dmb
CTCO\inv2\ANS2MOT.CMP

Enclosure

cc: All parties of record
W. Shaner

RECEIVED

JUN 01 1993

SECRETARY'S BUREAU
Information Control Division

DOCUMENT
FOLDER

NVL

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

DOCKET NO. I-00920020

COMMONWEALTH TELEPHONE COMPANY

ANSWER OF COMMONWEALTH TELEPHONE
COMPANY TO OCA'S MOTION TO COMPEL

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

1. Admitted.
2. Admitted.
3. Admitted.
4. Admitted. Denied that such delay was intentional.
5. Denied. In the 1993 test year, a substantial portion of the short-term and long-term compensation plans were excluded as not recurring in the test year.
6. Admitted.
7. Denied. CTCO responded to this general interrogatory

RECEIVED
JUN 01 1993

SECRETARY'S BUREAU
Information Control Division

DOCKETED
JUN 14 1993

DOCUMENT
FOLDER

with a general response.

8. Admitted, that CTCO responded. Denied, as to remainder of paragraph. Mr. Mazza's testimony does describe extensively the origin and use of the three factor allocation formula and in the manner in which it is derived. OCA Interrogatory Set XIII-1 does not request to know whether budgeted or actual figures are utilized. However, the OCA had previously been made aware, in prior discovery, that budgeted factors were used and, also, informed as to the level of the three factors which were used to develop the three factor formula. Thus, even though not called for in this interrogatory, the information was made available to the OCA elsewhere.

9. Denied. It is denied that the Company should be compelled to respond to a general interrogatory with specific detail, particularly considering that the specific detail has been provided elsewhere.

10. Admitted.

11. Admitted.

12. Denied. It is denied that the inquiry is relevant.

13. Denied. The Company should not be compelled to undertake a special study on behalf of the OCA. However, CTCO would agree to provide the actual figures to the OCA necessary for it to undertake the analysis.

14. Denied. It is denied that CTCO should be compelled to undertake a special study. However, as noted above in Paragraph 13, CTCO would agree to provide the factors to the OCA necessary

for it to undertake the analysis.

15. Admitted.

16. Admitted, the Company responded by stating that no such analysis has been performed. Denied that the answer is non-responsive. As set forth in the OCA's Appendix "A" attached to its Motion, it is clearly stated in a response to OCA Set V-17(a) that the allocator is calculated "yearly". Therefore, the OCA already had in its possession a response to this interrogatory, even before it was posed to CTCO.

17. Denied.

18. Denied. It is denied that CTCO's answer is non-responsive. Moreover, the Company has already responded to this interrogatory elsewhere.

19. Admitted.

20. Admitted, that CTCO references the OCA to prior interrogatory responses. Denied, that these references to interrogatories are non-responsive. As set forth in response to OCA Interrogatory Set V-17, the three factor formula is recomputed "yearly".

21. Denied.

22. Denied. It is denied that CTCO has not previously provided the OCA with the response to its interrogatory.

23. Admitted.

24. Admitted.

25. Denied. It is denied that the interrogatory is non-responsive. First, the information for 1993 is included within the

filings made by CTCO in support of its 1993 test year claims. Second, the information requested by the OCA with respect to corporate officer salaries are included either within the Annual Report for the year listed or within the 10-K Report for that year, which has also been provided to the OCA.

26. Denied. It is denied that CTCO should be compelled to answer the interrogatory, inasmuch as the information has elsewhere already been provided to the OCA.

27. Admitted.

28. Admitted.

29. Denied. The OCA already has in its possession a breakout of officers' total compensation as expenses to CTCO through the parent management service allocation, with the accounts charged identified.

30. Denied. The Company has provided the information to the OCA necessary to answer its inquiry.

31. Admitted.

32. Admitted.

33. Denied. It is denied that CTCO has an obligation to undertake five (5) years worth of historical analysis to determine the impact of increases in compensation paid to C-TEC employees upon CTCO. It is further denied that the five year historic analysis requested by the OCA is relevant to the current proceeding, which is based upon calendar 1993.

34. Denied. CTCO should not be compelled to undertake this special study for the OCA.

35. Admitted.

36. Admitted, that the Company's response to OCA Interrogatory Set XIII-14 is accurately set forth in the OCA's Appendix "A". Denied, that the answer is non-responsive.

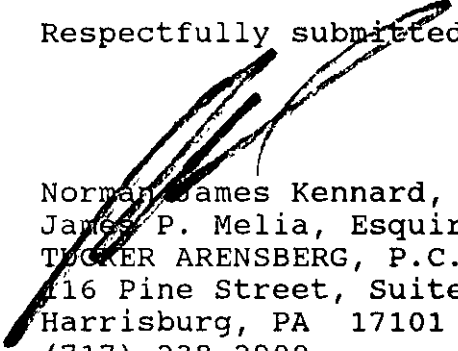
37. Denied. The phrase "please explain" is so vague that it is impossible to determine what further information, beyond that which is patently obvious (i.e., that Systematics does not service all of CTCO's information needs) is sought by the OCA.

38. Denied. See response to Paragraph 37 above. It is further denied that CTCO should be compelled to respond to the general question "please explain".

39. Denied. For the reasons set forth above.

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

Respectfully submitted,


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

Dated: June 1, 1993

ATTORNEYS FOR COMMONWEALTH
TELEPHONE COMPANY

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

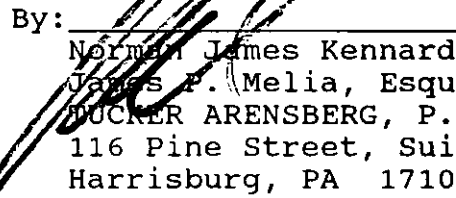
I hereby certify that, on this 1st day of June, 1993, I have served a true and correct copy of the foregoing document upon the persons set forth below by First Class Mail, postage prepaid or by hand-delivery (unless service is otherwise indicated), in accordance with 52 Pa. Code § 1.54:

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

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

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

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

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

June 1, 1993

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

RECEIVED
JUN 03 1993

SECRETARY'S BUREAU
Information Control Division

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

Dear Judge Kashi:

The purpose of this letter is to confirm the understanding of Commonwealth Telephone Company and the Office of Trial Staff relative to its Motion to Compel dated May 27, 1993, in the above-captioned matter.

With respect to OTS-RE-24, the parties have agreed to the restated interrogatory, as set forth in OTS' letter dated May 20, 1993, and that responses thereto are due on or before June 7, 1993. This matter was previously stipulated to on the record. Therefore, no response to OTS' Motion to Compel as it relates to OTS-RE-24 is necessary.

With respect to OTS-RE-23, the Company has explained to OTS that all the information sought in that interrogatory is in the possession of the Office of Trial Staff through the document filing made on May 19, 1993, and information previously provided. CTCO has agreed to identify specifically where the information sought can be located. Therefore, the Company and OTS have agreed that an Answer to the Motion to Compel should be held in abeyance pending this written confirmation. If the Office of Trial Staff is dissatisfied, then it will inform Commonwealth Telephone Company, which will then respond to the Motion to Compel.

Thank you for your attention to this matter.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

DOCKETED

JUN 17 1993

DOCUMENT FOLDER

NJK/dmb
ctco/inv2/extend.ots

cc: All Parties of Record
Secretary Alford
W. Shaner

RECEIVED
JUN 02 1993

Office of A. L. J.
Public Utility Commission

RECEIVED
JUN 07 1993

Norman James Kennard (717) 238-2900

SECRETARY'S BUREAU
Information Control Division

June 1, 1993

RECEIVED
JUN 04 1993
Office of A. L. J.
Public Utility Commission

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

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

Dear Judge Kashi:

The purpose of this letter is to confirm the agreement between Commonwealth Telephone Company and the Office of Consumer Advocate that the Company's Objections, if any, to the Interrogatories of the OCA, Set XIII, are due on or before Thursday, June 3, 1993.

Thank you for your attention to this matter.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

JUN 23 1993

RLS

NJK/dmb
ctco/inv2/extend.oca

cc: All Parties of Record
Secretary Alford
W. Shaner

DOCUMENT
FOLDER

RLS

June 3, 1993

RECEIVED
JUN 03 1993

VIA HAND DELIVERY

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

SECRETARY'S BUREAU
Information Control Division

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

Dear Secretary Alford:

Enclosed for filing in the above-captioned proceeding please find the original and two (2) copies of the Objections of Commonwealth Telephone Company to OCA Interrogatories, Set XIII, Nos. 4 and 5. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

Thank you for your attention to this matter.

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
CTCO\inv2\obj2oca.13

Enclosure

cc: All parties of record
W. Shaner

DOCUMENT
FOLDER

ORIGINAL

RECEIVED

JUN 03 1993

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SECRETARY'S BUREAU
Information Control Division

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

**OBJECTIONS OF COMMONWEALTH TELEPHONE COMPANY
TO OFFICE OF CONSUMER ADVOCATE'S INTERROGATORIES,
SET XIII, NOS. 4 and 5**

AND NOW COMES Commonwealth Telephone Company ("CTCO"), by and through its attorneys, Tucker Arensberg, P.C., and hereby objects to the Interrogatories of the Office of Consumer Advocate ("OCA") Set XIII, Nos. 4 and 5, pursuant to 52 Pa. Code § 5.342(c) and, in support thereof, avers as follows:

1. Under cover letter dated May 27, 1993, the OCA served upon CTCO, via facsimile, Set XIII of its Interrogatories in the above-captioned proceeding. Set XIII of the OCA's Interrogatories contained nine interrogatories.

2. CTCO objects to Interrogatory Nos. 4 and 5 contained in OCA Set XIII for reasons set forth below.

3. OCA Interrogatory No. XIII-4 is as follows:

Please provide the annual amount charged to outside service employed for each of the past

DOCUMENT
FOLDER

DOCKETED

JUN 18 1993

five years and included on Exhibit DPC-6.

4. CTCO objects to OCA Interrogatory XIII-4 on grounds which include, but are not limited to, the following:

- (a) Burdensomeness. There is no account in the Company's books entitled "Outside Service." Rather, charges associated with outside services are entered into the uniform system account to which the service relates. Thus, CTCO would be required to review each and every individual invoice and journal entry during these five (5) years in order to identify those which relate to outside vendors. The amount of effort and labor required to make this presentation is burdensome upon the Company.
- (b) Relevance. The level of outside services utilized during the past five (5) years is irrelevant to the claims in the Company's 1993 test year.
- (c) Excessive Scope. CTCO receives many types of outside services, many of which are not material in amount. Without a materiality limit, the interrogatory is excessive in its scope.
- (d) Other. This interrogatory was previously posed as OCA Interrogatory Set IX-73 and was objected to by the Company on May 18, 1993. Those objections are incorporated herein by reference.

5. OCA Interrogatory No. XIII-5 is as follows:

Please provide the Company's operating and construction/capital budgets prepared in 1991, 1992 and 1993.

6. CTCO objects to OCA Interrogatory XIII-5 on grounds which include, but are not limited to, the following:

- (a) Relevance. CTCO's operating budget has no relevance to the instant proceeding. CTCO's 1993 test year is not based upon an operating budget. The 1993 test year represents an independent and much more detailed analysis of 1993 projected results. Moreover, the 1993 test year figures reflect ratemaking results. The internal budget of the Company has no impact or effect upon the future test year of the Company and, therefore, historic variance reports, attempting to determine the

accuracy of CTCO's past operating budgets, would be meaningless.

CTCO, however, did employ the capital budget for purposes of the 1993 test year and, therefore, agrees to provide this information as requested in the interrogatory without objection. It is only the operating budget which is objected.

- (b) Other. This interrogatory, with some modification, was previously posed as OCA Interrogatory Set IX-120, to which the Company objected on May 18, 1993. Those objections are incorporated herein by reference.

WHEREFORE, for the above-stated reasons, Commonwealth Telephone Company objects to the Office of Consumer Advocate's Interrogatories, Set XIII, Nos. 4 and 5.

Respectfully submitted,

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

Dated: June 3, 1993

ATTORNEYS FOR COMMONWEALTH
TELEPHONE COMPANY

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

CERTIFICATE OF SERVICE

I hereby certify that, on this 3rd 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:

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

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

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

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

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

June 3, 1993

VIA HAND DELIVERY

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

RLS

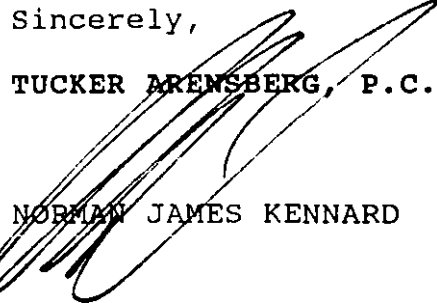
RECEIVED
JUN 07 1993
SECRETARYS OFFICE
Public Utility Commission

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

Dear Mr. McClelland:

Enclosed herewith please find two copies of Commonwealth Telephone Company's answer to OCA Interrogatories, Set XII, in the above-captioned matter. As evidenced by the attached Certificate of Service, all parties of record have been served a copy of same.

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

Sincerely,
TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv2/mcclell.xii

Enclosure

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

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

COMMONWEALTH TELEPHONE COMPANY

:
:
:
:
:
:

DOCKET NO. I-00920020

CERTIFICATE OF SERVICE

I hereby certify that, on this 3rd 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

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

By: _____

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

DOCKETED
JUN 21 1993

DOCUMENT
FOLDER

June 7, 1993

VIA HAND DELIVERY

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

RECEIVED
JUN 08 1993
SECRET
Public Utility Commission

Re: Commonwealth Telephone Company's Answer to OCA's
Interrogatories, Set XIII, Nos. 6, 7, 8, and 9
Docket No. I-00920020

Dear Mr. McClelland:

Enclosed herewith please find two copies of Commonwealth Telephone Company's answers to OCA Interrogatories Set XIII, Nos. 6, 7, 8 and 9 in the above-captioned matter. The attachment to CTCO's response to OCA Interrogatory Set XIII, No. 6, has been provided only to the OCA, but is available and will be furnished to the other parties upon their request.

As evidenced by the attached Certificate of Service, all parties of record have been served a copy of this filing.

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

Sincerely,

TUCKER ARENSBERG, P.C.

James P. Melia
JAMES P. MELIA

DOCUMENT
FOLDER

JPM/dmb
ctco/inv/mcclcl.13

Enclosure

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

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED
JUN 08 1993
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 7th 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

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

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE, SET XIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

6. Please provide a data file containing the age distributions used to calculate the composite remaining life for each account (Example page 6-1 of the Company's Study).

ANSWER: The accompanying diskette contains the age distributions used to calculate the composite remaining life relative to each of the company's asset groups. Also included on the diskette are files identified as "GL.Accounts" and "Location.Codes" which provide a legend for the property account and location names, respectively. The record layout of the data files is as follows:

1-5	Account Number
6-8	Location Code
9-11	Company Number
12	Transaction Code (Code 8 is surviving balance)
13-16	Transaction Year
17-20	Installation Year
21-32	Original Cost or Surviving Balance (Amount in dollars and cents)

DOCKETED
JUN 23 1993

DOCUMENT
FOLDER

PREPARED BY: Earl M. Robinson, President
AUS Consultants--Weber Fick & Wilson Division

COMMONWEALTH TELEPHONE COMPANY
SURVIVING PLANT BALANCES BY VINTAGE
AS OF 12-31-92

OCA Set XIII
Question 6

WFW FILE NAME	DOS FILE NAME
D92_CT11200.DAT;1	11200.DAT
D92_CT11500.DAT;1	11500.DAT
D92_CT11600.DAT;2	11600.DAT
D92_CT12199.DAT;7	12199.DAT
D92_CT12200.DAT;4	12200.DAT
D92_CT12311.DAT;1	12311.DAT
D92_CT12312.DAT;1	12312.DAT
D92_CT12320.DAT;1	12320.DAT
D92_CT12400.DAT;1	12400.DAT
D92_CT21110.DAT;1	21110.DAT
D92_CT21210.DAT;3	21210.DAT
D92_CT21220.DAT;1	21220.DAT
D92_CT21230.DAT;1	21230.DAT
D92_CT21231.DAT;1	21231.DAT
D92_CT21240.DAT;12	21240.DAT
D92_CT21250.DAT;1	21250.DAT
D92_CT23123.DAT;1	23123.DAT
D92_CT23212.DAT;1	23212.DAT
D92_CT23213.DAT;1	23213.DAT
D92_CT23214.DAT;1	23214.DAT
D92_CT23216.DAT;1	23216.DAT
D92_CT23251.DAT;3	23251.DAT
D92_CT23252.DAT;3	23252.DAT
D92_CT23253.DAT;1	23253.DAT
D92_CT23255.DAT;1	23255.DAT
D92_CT23256.DAT;1	23256.DAT
D92_CT35100.DAT;1	35100.DAT
D92_CT36202.DAT;2	36202.DAT
D92_CT41100.DAT;1	41100.DAT
D92_CT42110.DAT;1	42110.DAT
D92_CT42151.DAT;7	42151.DAT
D92_CT42210.DAT;1	42210.DAT
D92_CT42251.DAT;4	42251.DAT
D92_CT42310.DAT;1	42310.DAT
D92_CT42351.DAT;2	42351.DAT
D92_CT42610.DAT;2	42610.DAT
D92_CT42651.DAT;1	42651.DAT
D92_CT43100.DAT;1	43100.DAT
D92_CT44100.DAT;2	44100.DAT

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE, SET XIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

7. For each account please provide a data file of the exposures and retirements for the last three year band (1990, 1991, & 1991), which is part of the data which was included in the Company's Life Expectancy Analysis.

ANSWER: The exposures and retirements used in the original life tables are developed internally via the company's depreciation software system using the data files provided to the OCA in response to OCA Set X, question 4. In addition, hard copies of the exposures and retirements are contained on the Original Life Tables included in Section 5 of Exhibit EMR-1.

PREPARED BY: Earl M. Robinson, President
AUS Consultants--Weber Fick & Wilson Division

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE, SET XIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

8. Please provide the work sheets which were used by the Company to develop the Composite Remaining Lives for the depreciation rate calculations for the following accounts:

- * Digital COE Equipment.
- * Digital Host Equipment.
- * Digital Remote Equipment.

ANSWER: The composite remaining lives for each of the company's asset groups were calculated via a depreciation application software system utilizing the data files provide in response to OCA Set XIII, question 6, using a composite of the Broad Group (BG) and Equal Life Group (ELG) procedures. As indicated in the depreciation report and Mr. Robinson's direct testimony, the BG procedure was utilized for vintages through 1986 and the ELG procedure was utilized for vintages 1987 and subsequent. Using the applicable procedure, an average annual accrual and future annual accruals were calculated for each vintage. The composite average remaining life was calculated for each property group by dividing the sum of the future annual accruals by the sum of the annual accruals.

PREPARED BY: Earl M. Robinson, President
AUS Consultants--Weber Fick & Wilson Division

RESPONSE OF COMMONWEALTH TELEPHONE COMPANY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE, SET XIII
PA PUC V. CTCO
PA PUC DOCKET NO. I-00920020

9. For each of the offices identified on the proceeding list,
please identify the following:

- * Initial installation year.
- * Amount of retirements recorded for each office location
since its initial installation through 12-31-92.
- * Estimated final retirement year.

ANSWER: Detailed surviving original cost data by year of
original cost, along with the estimated final
retirement year, is contained both on the data files
provided in the response to OCA Set XIII, question 6,
and via hard copy in Section 6 of Exhibit EMR-1. The
amount of retirements experienced for each of the
accounts is contained on the data files provided in
response to OCA Set X, question 4.

PREPARED BY: Earl M. Robinson, President
AUS Consultants--Weber Fick & Wilson Division

June 10, 1993

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

RECEIVED

JUN 11 1993

SECRETARY'S OFFICE
Public Utility Co.

Re: Commonwealth Telephone Company's Answer to OCA's Interrogatories, Set XIII, Nos. 1, 2, and 3
Docket No. I-00920020

Dear Mr. McClelland:

Enclosed herewith please find two copies of Commonwealth Telephone Company's answers to OCA Interrogatories, Set XIII, Nos. 1, 2, and 3 in the above-captioned matter. As you are aware, CTCO has objected to XIII-4 and XIII-5 of the OCA's Interrogatories, as they relate to operating budgets, on June 3, 1993. Answers to XIII-6 through XIII-9 were previously provided to you on June 7, 1993. Therefore, upon receipt of the enclosed documents, CTCO has responded to Set XIII of the OCA's Interrogatories in its entirety.

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

Sincerely,

TUCKER ARENSBERG, P.C.

NORMAN JAMES KENNARD

NJK/dmb
ctco/inv2/mcclell.13

Enclosure

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

DOCUMENT
FOLDER

IN THE COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

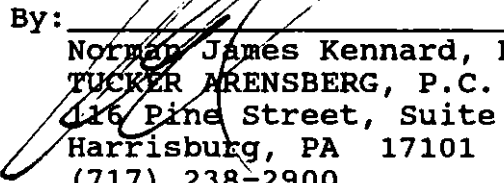
PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
 :
 :
 v. : DOCKET NO. I-00920020
 :
 COMMONWEALTH TELEPHONE COMPANY :

CERTIFICATE OF SERVICE

I hereby certify that, on this 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

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

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

Attorneys for COMMONWEALTH
TELEPHONE COMPANY

DOCKETED
JUN 30 1993

DOCUMENT
FOLDER

June 10, 1993

RECEIVED

JUN 11 1993

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

SECRETARY'S OFFICE
Public Utility Commission

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.

DOCKETED
JUN 30 1993

DOCUMENT
FOLDER

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
ctco/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 :

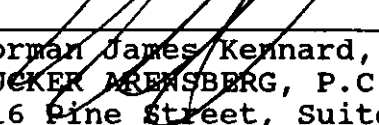
CERTIFICATE OF SERVICE

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)	106,312
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 (Equivalent of 1 person for approximately 7.5 months)	<u>9,402</u>
Total	<u>42,811</u>

OVERTIME REPORT FOR EMPLOYEES IN CURRENT SYSTEM FOR 1993
 REPORT DATE: 10/16/92 RUN TIME: 09:50

		MONTHLY OVERTIME AMOUNTS IN PERCENT											
EC	EMP NUM NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
4173	0741	2%	2%	4%	6%	7%	15%	17%	17%	12%	9%	4%	3%
	0769	2	2	4	6	7	15	17	17	12	9	4	3
	0836	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)

TELEPHONE
 COMPANY: COMMONWEALTH TELEPHONE COMPANY
 ** RC DESCRIP. NOT FOUND **

RESPONSIBILITY CENTER: 4162

DETAIL ACCT.	NATURAL DESCRIPTION	MONTH ACTUAL	YEAR ACTUAL
11110	SALARIES DIRECT		
000425	NSC SUPERVISOR	0	30,438
	SUBTOTAL	0	30,438
	DETAIL ACCOUNT TOTAL	0	30,438
11120	SAL/TRFD CLG		
000425	NSC SUPERVISOR	0	30,438
	SUBTOTAL	0	30,438
621210	DIG C.O. EQUIP	0	4,826
621240	DIG REMOTE	0	76
621250	DIG CNT TST EQ	0	22,812
631100	STATION APPAR	0	3
636203	STAT COMM CLR	0	277
642151	AER METAL CBL	0	0
642351	BURIED MET CBL	0	0
	SUBTOTAL	0	27,994
653302	TEST/DISPATCH	0	1,331
653303	TEST/TESTING	0	152
653400	PLNT OPER ADMN	0	160
	SUBTOTAL	0	1,643
	DETAIL ACCOUNT TOTAL	0	801
2111	WAGES/CRFT/REG		
000025	NSC SWITCHMAN	0	45,328
	SUBTOTAL	0	45,328
	DETAIL ACCOUNT TOTAL	0	45,328
112	WAGES/CRFT/OT		

GROUP: TELEPHONE
 COMPANY: COMMONWEALTH TELEPHONE COMPANY

** RC DESCRIP. NOT FOUND **

RESPONSIBILITY CENTER: 4162

REPORT C161092

DETAIL NATURAL ACCT. ACCOUNT	DESCRIPTION	MONTH ACTUAL	YEAR ACTUAL
000025	NSC SWITCHMAN	0	4,007
	SUBTOTAL	0	4,007
DETAIL ACCOUNT TOTAL		0	4,007

12113	WAGES/CRFF/DT		
000025	NSC SWITCHMAN	0	27,653
	SUBTOTAL	0	27,653
DETAIL ACCOUNT TOTAL		0	27,653

12120	WAGE/CRFF/CLRD		
000025	NSC SWITCHMAN	0	176,988
	SUBTOTAL	0	176,988
621210	DIG C.O. EQUIP	0	30,178
621240	DIG REMOTE	0	448
621250	DIG CNT TST EQ	0	143,952
631100	STATION APPAR	0	17
636203	STAT COMM CLR	0	1,763
642151	AER METAL CBL	0	0
642351	BURIED NET 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	4,350

13104	S&W TRD M&S LD		
621210	DIG C.O. EQUIP	0	165
636204	CUST PREM WIRE	0	20
	SUBTOTAL	0	185

GROUP: TELEPHONE
 COMPANY: COMMONWEALTH TELEPHONE COMPANY
 NETWORK TECH SUPERVISOR

RESPONSIBILITY CENTER: 4183

DETAIL NATURAL ACCT. ACCOUNT	DESCRIPTION	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
12113	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/CLRD		
653303	TEST/TESTING	0	3,556-
	SUBTOTAL	0	3,556-
	DETAIL ACCOUNT TOTAL	0	3,556-

COMPANY: COMMONWEALTH TELEPHONE COMPANY
 NETWORK TECH SUPERVISOR

RESPONSIBILITY CENTER: 4183

DETAIL NATURAL DESCRIPTION ACCT. ACCOUNT	*****	*****	*****	*****	EXPECTED FOR YEAR
11110 SALARIES DIRECT					
653303 TEST/TESTING					41,652
SUBTOTAL					41,652
DETAIL ACCOUNT TOTAL					41,652
12111 WAGE/CRFT/REG					
653303 TEST/TESTING					236,353
SUBTOTAL					236,353
DETAIL ACCOUNT TOTAL					236,353
12112 WAGE/CRFT/OT					
653303 TEST/TESTING					39,360
SUBTOTAL					39,360
DETAIL ACCOUNT TOTAL					39,360
12113 WAGE/CRFT/DT					
653303 TEST/TESTING					2,988
SUBTOTAL					2,988
DETAIL ACCOUNT TOTAL					2,988
0001 BENEFITS DIRECT					
653303 TEST/TESTING					67,402
SUBTOTAL					67,402
DETAIL ACCOUNT TOTAL					67,402

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	36,046,000	18,000

	Historical Test Year	Future Test Year	Change
Pension Income	(313)	(9)	304
Capital, Net	56	(37)	(93)
Net Pension Cr.	(257)	(46)	(211)

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

Rate differential 1993 vs 1992 2,404

161,849

6-8-93

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

Inventory write down to reflect the lower of cost or market in 1992		31,832
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>

COMMONWEALTH TELEPHONE COMPANY
 MATERIAL EXPENSE
 1993

	Total Monthly Budget	68.28% 6421	19.10% 6423	12.62% 6351	RC Total Budget
LG 002					
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	3,048
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			21,686
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	