

# AN IMPORTANT MESSAGE TO OUR CUSTOMERS

**O**n August 28, 1995, Central Telephone Company-Nevada (Central Telephone-Nevada) filed an application with the Public Service Commission of Nevada (the Commission) to be regulated under the Plan for Alternative Regulation (PAR) for telecommunications services. The filing includes a general rate case and an Application to Revise Depreciation Rates. The Commission has identified the Company's filing as Docket No. 95-8034.

The price increase (see chart for breakdown summary) would raise monthly residential basic telephone service prices in the Las Vegas area from \$6.75 to \$7.75 in 1996, followed by increases to \$8.75 in 1997 and to \$9.53 in 1998. Monthly business prices would increase by \$2.79 and PBX prices would increase by \$2.80 phased in over the same three years. Central Telephone is also proposing to increase its price for calls to its Information Operators from \$.25 to \$.45 per call.

The Company is making this request in order to recover increased depreciation expenses, recover a portion of the Company's earnings deficiency, and establish prices for residential services that are based on the minimum cost to provide them. The Company's current cash flow, depreciation levels and prices are at or among the lowest in the country, which will not allow the Company to adequately provide for the needs of its customers and Southern Nevada.

Central Telephone-Nevada is asking the Public Service Commission to increase the price of residential telephone service to a level that just breaks even with the costs of providing the service, which is approximately 41 percent greater than the current \$6.75 price in Las Vegas. Prices for business service would be increased by approximately the same dollar amount as residential service.

Under the company's proposal, no customer would receive more than a \$1.00 monthly increase in basic service in any one year. Prices for Lifeline customers will stay at current levels so that low income customers will not be affected by price changes.

Even with this increase, if fully approved, Central Telephone-Nevada will have the lowest residential and business prices of any major metropolitan area in the nation. In addition, prices will be capped for a minimum period of three or five years.

The price increase produces additional revenues of \$17,843,339, which is \$8,771,525 less than the company's supported revenue requirement.

The Company also proposes to reduce the period of time over which existing plant and equipment in the company's telephone system is being depreciated. The current period far exceeds the time over which this existing equipment will be capable of providing the services Southern Nevada customers want and need, and far exceeds the time over which similar equipment is being depreciated in the remainder of the country.

In the filing, Central Telephone-Nevada is making the following commitments to its customers as part of its "PACT With Nevada". "PACT" stands for Progressive, Accessible, Competitive Telecommu-

nications. It assures that all customers have choices and access to high-quality, modern telecommunications services.

- **Network Modernization:** The Company is committing to substantial modernization of the plant and equipment in its network to assure customers benefit from advances in telecommunication technology and new services. Over five years, the Company plans to invest \$375 million in its network, of which \$124 million is directed at specific modernization efforts. Over time, the upgraded network will afford all-digital telecommunications to the Company's customers. Besides improved quality, this will allow access to advanced services such as interactive education courses, telecommuting, on-line news, home security, medical information and monitoring systems, and others.

These types of service simply require more sophisticated equipment than is currently in place. The modernization of the Company's network goes hand in hand with its request to accelerate depreciation, which allows the Company to ultimately discontinue use of copper wire and keep Southern Nevada's telecommunication capability on a par with the rest of the country.

- **Competitive Choice:** The Company is making a commitment to support and enable competition including abiding by the letter and spirit of the Public Service Commission's rules providing for an open and competitive telecommunications environment in Nevada. This gives customers a choice of telecommunication providers and services they provide.

- **Service Quality:** The Company is committing to maintain a high level of service quality by ensuring service availability to all customers who want service from the Company within its service territory, plus ensuring reliability through a variety of safeguards and measurements.

In addition, the Company is offering a Service Guarantee to its customers. This Guarantee states that if the Company fails to meet its installation, repair, or service restoral commitments for basic telephone service, customers will be given a credit for one month of basic service.

- **Universal Service:** The Company will provide service to all customers who desire it.

The Commission will determine the prices to be charged based on evidence provided by the various parties during hearings, or will approve prices agreed to by parties by way of settlement. The prices approved may be greater or less than Central Telephone-Nevada's proposed prices. In addition, the approved prices might not be phased in over a three year period as proposed by the company but, rather, might be fully implemented in a shorter time frame.

Additional information on Docket 95-8034 is available at the Nevada Public Service Commission in Las Vegas or at any of Central Telephone-Nevada's six Public Offices: Meadows, 330 So. Valley View Blvd.; Civic Center Plaza, 2121 Civic Center Drive; Renaissance Center, 2340 E. Tropicana Ave.; Summerlin, 8548 East Lake Mead Blvd.; 104 Water St., Henderson, and 503 Ash St., Boulder City.

**T**he Commission has scheduled consumer sessions to allow customers an opportunity to comment on these rate applications. Other matters of interest to customers, such as Central Telephone-Nevada's quality of service, may also be addressed. The consumer sessions will be held

**November 28, 1995**  
**10 a.m. Commissioner's Chambers**  
**7 p.m. Community Room**  
**The Clark County Government Center**  
**First Floor**  
**500 S. Grand Central Parkway**  
**Las Vegas, Nevada**

Formal hearings will be conducted beginning

**December 6, 1995**  
**10 a.m.**  
 and concluding on or about  
**January 8, 1996**  
**The Public Service Commission**  
**of Nevada**  
**555 East Washington Avenue**  
**Las Vegas, Nevada 89101**

## Proposed Price Schedule

Service Area/Service	1995 Current Price	1996 Proposed Price	Percent Change	1997 Proposed Price	Percent Change	1998* Proposed Price	Percent Change	(Other Services)	1995 Current Price	1996 Proposed Price	Percent Change
<b>(LV, NLV, BC, HD, BD)</b>								<b>Directory Assistance</b>	\$0.25	\$0.45	80.00%
Single Residential Line Service	\$6.75	\$7.75	14.81%	\$8.75	12.90%	\$9.53	8.91%	<b>Private Line Service**</b>			
Two-Party Residential Line Service	\$4.20	\$5.20	23.81%	\$6.20	19.23%	\$6.98	12.58%	High Capacity 1.544 Mbps	\$54.66	\$27.45	-49.78%
TeenTalk w/Toll Restriction	\$11.35	\$12.35	8.81%	\$13.35	8.10%	\$14.13	5.84%	Digital Data, 2.4 - 9.6 kbps	\$9.30	\$6.75	-27.42%
TeenTalk w/o Toll Restriction	\$8.85	\$9.85	11.30%	\$10.85	10.15%	\$11.63	7.19%	Digital Data, 56.0 kbps	\$23.15	\$17.87	-22.81%
Single Business Line Service	\$15.56	\$16.56	6.43%	\$17.56	6.04%	\$18.35	4.50%	Voice Grade Service	\$15.70	\$17.07	8.73%
Two-Party Business Line Service	\$10.10	\$11.10	9.90%	\$12.10	9.01%	\$12.90	6.61%	<b>VG/Channel Mileage Facility**</b>			
PBX Trunk	\$28.00	\$29.00	3.57%	\$30.00	3.45%	\$30.80	2.67%	Bands 1 & 2, (1 to 8 miles)	\$3.65	\$4.56	24.93%
<b>(JN, Srcht, Laughlin)</b>								Bands 3,4 & 5 (9 to 50 + miles)	\$3.27	\$2.28	-30.28%
Single Residential Line Service	\$4.50	\$5.50	22.22%	\$6.50	18.18%	\$7.28	12.00%	Optional Features and Functions			
Two-Party Residential Line Service	\$3.45	\$4.45	28.99%	\$5.45	22.47%	\$6.23	14.31%	High Capacity DS1 to Voice Multiplexer	\$206.70	\$156.00	-24.53%
TeenTalk w/Toll Restriction	\$9.05	\$10.05	11.05%	\$11.05	9.95%	\$11.83	7.06%	Conditioning (C & D, average)	\$5.21	\$3.00	-42.42%
TeenTalk w/o Toll Restriction	\$6.90	\$7.90	14.49%	\$8.90	12.66%	\$9.68	8.76%	<b>Cellular Dedicated Access**</b>			
Single Business Line Service	\$8.45	\$9.45	11.83%	\$10.45	10.58%	\$11.25	7.66%	Four Wire, Analog	\$6.74	\$3.39	-49.70%
PBX Trunk	\$15.75	\$16.75	6.35%	\$17.75	5.97%	\$18.55	4.51%	High Capacity, Digital 1.544 Mbps	\$55.38	\$49.56	-10.51%
<b>Nelson Exchange (Unit Calling)</b>								Type 2A Interconnection	\$54.88	\$51.75	-5.70%
Single Residential 0 Units	\$3.15	\$4.15	31.75%	\$5.15	24.10%	\$5.93	15.15%	<b>Cellular Interconnection</b>	\$0.015596	\$0.007188	-53.91%
Single Residential Unlimited Units	\$6.25	\$7.25	16.00%	\$8.25	13.79%	\$9.03	9.45%	(Includes 5 miles of transport)			
Single Business 0 Units	\$7.30	\$8.30	13.70%	\$9.30	12.05%	\$10.10	8.60%	<b>Intrastate/InterLATA Switched Service**</b>	\$27.64	\$25.55	-7.56%
<b>Mount Charleston Exchange (Unit Calling)</b>								<b>Switched Service-Network Usage</b>	\$0.013429	\$0.010840	-19.28%
Single Residential 0 Units	\$4.05	\$5.05	24.69%	\$6.05	19.80%	\$6.83	12.89%	(Includes 5 miles of transport)			
Single Residential 60 Units	\$6.25	\$7.25	16.00%	\$8.25	13.79%	\$9.03	9.45%	<b>Intrastate/InterLATA Special Service**</b>			
Single Residential Unlimited Units	\$7.00	\$8.00	14.29%	\$9.00	12.50%	\$9.78	8.67%	High Capacity 1.544 Mbps	\$16.78	\$11.38	-32.18%
Single Business 100 Units	\$8.45	\$9.45	11.83%	\$10.45	10.58%	\$11.25	7.66%	Digital Data, 56.0 kbps	\$8.53	\$8.89	4.22%
Single Business Unlimited Units	\$12.65	\$13.65	7.91%	\$14.85	8.79%	\$15.45	4.04%	Voice Grade Service	\$20.79	\$20.69	-0.48%
								<b>Optional Features and Functions</b>			
								Data Bridge	\$7.88	\$7.40	-6.09%
								Conditioning (C & DA, average)	\$3.17	\$3.00	-5.36%
								Voice Multiplexer (Installation Charge)	\$132.73	\$156.00	17.53%

\* If the approved prices are not phased in as proposed by the Company over a three year period per the above schedule but, rather, are fully implemented in a shorter time frame, the "1998 Proposed Prices" may become effective in 1996.

\*\*Average Rate Elements for Class of Service

