

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF APPLICATION OF SOUTH )  
CENTRAL BELL TO MODIFY ESSX )  
SERVICE, FOR CONFIDENTIAL TREATMENT ) CASE NO. 10212  
OF PROPOSED SECTION P12 AND TO )  
PROVIDE RATE FLEXIBILITY )

O R D E R

On March 10, 1988, South Central Bell Telephone Company ("South Central Bell") filed a special contract with the University of Louisville to provide Digital ESSX Service and Central Office Local Area Network Service. On June 17, 1988, the University of Louisville special contract was suspended for investigation and made a part of this case. On June 27, 1988, South Central Bell filed a Motion for reconsideration of the suspension Order and for approval of the University of Louisville special contract. On June 29, 1988, AT&T Information System, Inc. ("ATTIS"), filed a response to South Central Bell's Motion.

In its Motion, South Central Bell contends that (1) the University of Louisville special contract was filed pursuant to tariff authority granted by this Commission, (2) the University of Louisville special contract is not related to the tariffs under investigation in this case, (3) the Commission's suspension Order places South Central Bell at a competitive disadvantage, and (4) the rates in the University of Louisville special contract are not discriminatory.

In response, ATTIS contends that there is a similarity of issues between the University of Louisville special contract and the tariffs under investigation in this case. However, ATTIS also indicates that it does not wish to penalize the University of Louisville because of South Central Bell's conduct in pricing and bundling both competitive and monopoly service. Therefore, ATTIS does not oppose bifurcation of the issues surrounding the University of Louisville special contract and the tariffs under investigation in this case, and interim approval of the University of Louisville special contract.

The Commission will not approve the University of Louisville special contract on an interim basis. Instead, the Commission, having considered South Central Bell's Motion and ATTIS's response, and being advised, is of the opinion and finds that the University of Louisville special contract should be approved, effective the date of this Order. This approval is conditional on South Central Bell's below-the-line absorption of any losses that the Commission may determine in the event the University of Louisville special contract is found to be priced below reasonable cost at the conclusion of this investigation. Performance of the University of Louisville special contract will indicate to the Commission South Central Bell's acceptance of these terms and conditions.

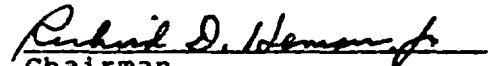
The conditional approval granted herein will protect regulated ratepayers from bearing the burden of any subsidy that may exist in the University of Louisville special contract. At

the same time, it does not prejudice ATTIS's participation in this investigation in any way, as it does not foreclose any avenue of discovery or any presentation of evidence.

Accordingly, the University of Louisville special contract be and it HEREBY is approved, effective the date of this Order, subject to the terms and conditions discussed herein.

Done at Frankfort, Kentucky, this 5th day of July, 1988.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director