

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GTE SOUTH )  
INCORPORATED FOR AN ORDER )  
AUTHORIZING THE ISSUANCE AND ) CASE NO. 90-065  
SALE OF SECURITIES )

O R D E R

On April 25, 1990, the Commission issued an Order in this case authorizing GTE South Incorporated ("GTE") to complete a shelf registration of \$200,000,000 of First Mortgage Bonds with the Securities and Exchange Commission.

On May 11, 1990, GTE filed a petition for rehearing/modification or clarification of the Order to modify paragraph 2 of the Order. According to the company, wording of paragraph 2 could impair the ability of GTE to sell First Mortgage Bonds. The existing language of paragraph 2 could be interpreted to mean that the authorization given to GTE was contingent upon the financing resulting in a lower effective overall cost to GTE. This situation might not occur if short-term debt is refinanced with First Mortgage Bonds with a higher imbedded cost than the short-term debt refinanced. The Commission agrees that paragraph 2 should be restated.

IT IS THEREFORE ORDERED that ordering paragraph 2 of the Commission's April 25, 1990 Order in this matter is hereby stricken and replaced as follows:

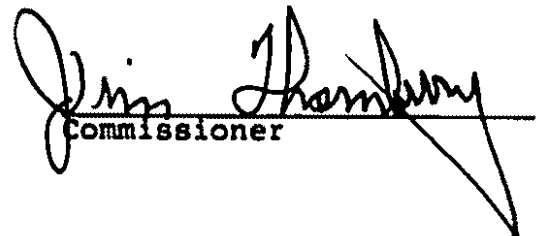
2. If the proceeds from the sale of new bonds are used to refinance existing high coupon bonds, namely the Series X, Series BB or Series 9.95 percent First Mortgage Bonds, GTE shall file a report showing that the effective overall embedded cost of GTE has been minimized as a result of such refinancing.

Done at Frankfort, Kentucky, this 25th day of May, 1990.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director