

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH CENTRAL BELL TELEPHONE COMPANY'S) CASE NO.
CORPORATE RESTRUCTURING) 91-176

O R D E R

On May 28, 1991, the Commission received a petition from South Central Bell Telephone Company ("South Central Bell") concerning its corporate restructuring. The petition seeks Commission approval, or a statement that Commission approval is not necessary, for the merger of certain wholly owned subsidiaries of BellSouth Corporation to produce BellSouth Telecommunications, Inc. ("BellSouth Telecommunications"). There are no intervenors in this proceeding.

South Central Bell filed a waiver on July 25, 1991 and an additional waiver on August 16, 1991 of the statutory period prescribed in KRS 278.020(5) extending to 92 days the Commission's time to consider its proposal. The Commission sought additional information from South Central Bell by Order dated August 6, 1991. South Central Bell filed its responses on August 12, 1991.

PROPOSED REORGANIZATION

The reorganization will bring about the following: South Central Bell, a wholly owned subsidiary of BellSouth Corporation will be merged into Southern Bell Telephone and Telegraph Company ("Southern Bell"), also a wholly owned subsidiary of BellSouth

Corporation. BellSouth Services, Inc., a subsidiary of South Central Bell and Southern Bell, each owning 50 percent of BellSouth Services stock, is also to be merged into Southern Bell. Southern Bell will be the surviving entity and its name will be changed to BellSouth Telecommunications. The management of the Kentucky operations and the rates charged to Kentucky customers will be unchanged by the reorganization. The financial and technical capabilities of South Central Bell remain unchanged; however, there will be a shift in the capital structure from an equity ratio of 62.19 to 62.29. South Central Bell intends that the reorganization be transparent to its customers. BellSouth Telecommunications will provide telephone service in Kentucky under the name of South Central Bell.

APPLICABLE LAW

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission must receive Commission approval prior to the acquisition or transfer of ownership or control of a utility. Pursuant to KRS 278.020(5), no individual shall acquire control either directly or indirectly of any utility furnishing utility service in this state without having first obtained approval of the Commission. South Central Bell contends that the proposed reorganization does not involve the acquisition or transfer of ownership, control, or the right to control South Central Bell and therefore approval by the Commission pursuant to KRS 278.020(4) and KRS 278.020(5) is not required. However, South Central Bell, the utility under the Commission's jurisdiction, is merging into another utility, Southern Bell, and therefore, prior approval of

this Commission is required. Based on the data provided by South Central Bell, the Commission finds that the reorganized utility has the financial, technical, and managerial abilities to provide reasonable service to Kentucky customers.

Having considered the proposed reorganization, the Commission **HEREBY ORDERS** that:

1. The proposed reorganization of South Central Bell is approved.

2. Within 20 days of the consummation of the proposed reorganization, South Central Bell shall file an adoption notice pursuant to 807 KAR 5:011, Section 11, specifying that BellSouth Telecommunications is doing business in Kentucky as South Central Bell. Accordingly, the Commission grants to South Central Bell a deviation from 807 KAR 5:011, Section 11(4), and will not require BellSouth Telecommunications to issue a tariff in its own name.

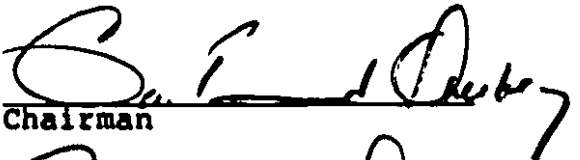
3. Within 20 days of receiving an Order from the Federal Communications Commission ("FCC") concerning its application for consent to merge, South Central Bell shall provide a copy of the FCC Order to the Commission.

4. Every three months beginning three months from the date of this Order, South Central Bell shall file reports concerning the status of the reorganization including the FCC proceeding and proceedings in other jurisdictions. This requirement shall cease upon notification to the Commission that the reorganization has been completed as described in the petition herein or that the proposed reorganization has been abandoned. Effectuating any

reorganization plan change will necessitate further Commission approval.

Done at Frankfort, Kentucky, this 30th day of August, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director