

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GTE SOUTH)	
INCORPORATED FOR AN ORDER)	
AUTHORIZING THE ISSUANCE AND SALE)	CASE NO. 92-286
OF SECURITIES)	

O R D E R

IT IS ORDERED that GTE South Incorporated ("GTE") shall file an original and six copies of the following information with this Commission, with a copy to all parties of record, within ten days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Could GTE issue both first mortgage bonds and unsecured debentures or are the two financing options mutually exclusive?

2. Provide a copy of the existing Shelf Registration as filed with the Securities and Exchange Commission and indicate the date the registration statement became effective for the \$75 million in 1990.

3. The existing Shelf Registration authorized securities for the purposes set out in Case No. 90-065.¹ Is GTE seeking to revise the purposes for which these securities may be issued? Explain.

4. Provide a list and description of the property additions budgeted for each project that make up the planned \$247,665,000 in expenditures in 1992.

5. Explain the rationale for the planned redemption of First Mortgage Bonds. Provide an analysis using net present value for each series individually. Show the maximum rate at which the refinancing would be cost effective.

6. Explain how the selected issuances were chosen for redemption. What other outstanding issuances were considered? Why were they not chosen?

7. How did GTE determine the interest rate terms set forth on page 6 of its application, in particular, the 150 percent ceiling above United States Treasury securities?

8. Should the proposed securities be issued through a private placement transaction, describe the analysis that would be performed to assure the issuance was more cost effective than a public offering.

¹ Case No. 90-065, Application of GTE South Incorporated for an Order Authorizing the Issuance and Sale of Securities.

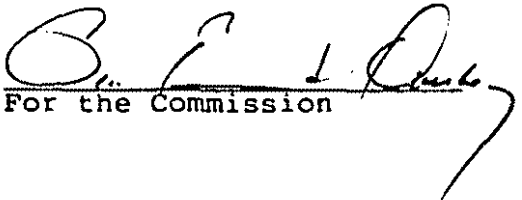
9. Reference Exhibit E - Proposed Journal Entries.

- a. Reconcile entry (2). Debits do not equal credits.
- b. Show the computation for entry (8) of the total amount in account 1407.
- c. Provide the analysis indicated in footnote 3 to entry (10).

10. Why has GTE proposed to deviate from the USOA and amortize premium expense incurred on reacquired debt, and unamortized discounts and expenses associated with the securities to be redeemed?

Done at Frankfort, Kentucky, this 20th day of August, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director