

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COST OF CAPITAL REVIEW OF SOUTH CENTRAL) CASE NO.
BELL TELEPHONE COMPANY) 92-523

O R D E R

On April 3, 1991, in the proceeding to review the rates and charges and incentive regulation plan of BellSouth Telecommunications, Inc., d/b/a South Central Bell Telephone Company ("South Central Bell"),¹ was ordered to file a cost of capital review in 18 months from the date of that Order. On February 19, 1993, all parties to this proceeding filed a joint motion seeking approval of a Settlement Agreement after extensive negotiations. The Commission Staff took no part in these negotiations.

After reviewing the Settlement Agreement and being otherwise sufficiently advised, the Commission finds that the Settlement Agreement is in accordance with the law, does not violate any regulatory principle, results in a reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, appended hereto, is incorporated into this Order as if fully set forth herein.

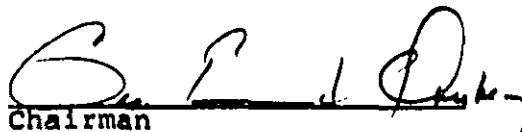
¹ Case No. 90-256, A Review of the Rates and Charges and Incentive Regulation Plan of South Central Bell Telephone Company.

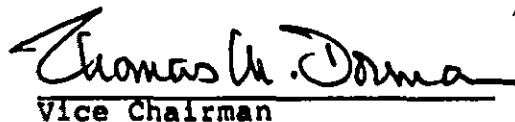
2. The terms and conditions set forth in the Settlement Agreement are adopted and approved.

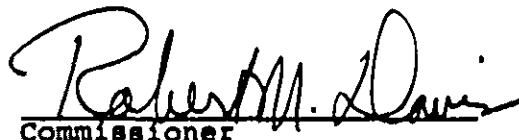
3. South Central Bell shall file tariffs reflecting a \$6.25 million reduction in rates according to the rate reduction schedule approved by this Commission for the revised incentive plan, to be effective on January 1, 1994.

Done at Frankfort, Kentucky, this 25th day of February, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-523 DATED FEBRUARY 25, 1993

RECEIVED

COMMONWEALTH OF KENTUCKY

FEB 19 1993

BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

In the Matter of:

COST OF CAPITAL REVIEW OF SOUTH)
CENTRAL BELL TELEPHONE COMPANY) CASE NO. 92-523

SETTLEMENT AGREEMENT

BellSouth Telecommunications, Inc., d/b/a South Central Bell Telephone Company ("SCB"), the Attorney General of Kentucky ("AG"), LDDS of Kentucky, Inc. ("LDDS"), and MCI Telecommunications Corporation ("MCI") agree to settle the above-styled docket as follows:

1. SCB will reduce rates on January 1, 1994, by \$6.25 million in accordance with the approved schedule of its Incentive Regulation Plan.

2. All provisions of the Commission's Order of April 3, 1991, shall remain unchanged and in full effect.

3. SCB will not expense for intrastate regulatory purposes the cost associated with the 1992 refinancing of certain portions of its long-term debt for the remainder of the current Incentive Regulation Plan.

4. SCB will not book during 1993 any change in intrastate depreciation expenses resulting from the three-way negotiations between the Public Service Commission, the Federal Communications Commission, and SCB scheduled for April, 1993.

5. This Agreement is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any

other proceeding, nor is it to be offered or relied upon as evidence in any other proceeding of the position regarding the current cost of capital of any party to this Agreement. Nothing in this Agreement is intended or should be construed to prohibit any party from taking any position it deems necessary in any other Commission proceeding or in any civil action.

6. If the Commission issues an order adopting this Agreement in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court from such order.

7. If this Agreement is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon all or any matters involved herein, and that in such event the terms of this Agreement shall not be deemed binding upon the parties hereto, nor shall such Agreement be admitted into evidence or referred to or relied on in any manner by any party hereto, the Commission or its staff in any such hearing.

8. The parties hereto agree that the foregoing Agreement is reasonable and in the best interest of all concerned, urge that the Commission adopt this Agreement in its entirety, and will join in a petition requesting that the docket be concluded based on the Agreement outlined herein without further proceedings.

Witness the acceptance and concurrence of all parties on the documents attached.

South Central Bell Telephone Company

By: Creighton Mershon
Creighton E. Mershon, Sr.
General Counsel

Attorney General

By: Victor Fox
Victor Fox
Director, Utility and Rate Intervention Division

LDDS of Kentucky, Inc.

By: Douglas F. Brent
Douglas F. Brent
Director of Regulatory Affairs

MCI Telecommunications Corporation

By: C. Kent Hatfield
C. Kent Hatfield
Counsel for MCI Telecommunications Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served on the individuals on the attached Service List by mailing a copy thereof, this 19th day of February 1993.



Craighton E. Marshon, Sr.

SERVICE LIST - CASE NO. 92-523

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