

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE ECONOMIC)
FEASIBILITY OF PROVIDING LOCAL) ADMINISTRATIVE
MEASURED SERVICE TELEPHONE RATES) CASE NO. 285
IN KENTUCKY)

O R D E R

The Kentucky Public Service Commission ("Commission") established Administrative Case No. 285 to investigate and develop information on the economic feasibility of Local Measured Service ("LMS") rate structures in Kentucky. In the Order establishing this case the Commission provided an outline of the structure of the investigation, information to be gathered and the participants in the study. Furthermore, the Commission ordered the telephone companies that were to perform the research to develop research proposals detailing how they intended to proceed with their research and an approximate timetable for completing the research project.

South Central Bell Telephone Company ("SCB") filed its LMS research proposal on February 27, 1985. Copies of the proposals were provided to all LMS Oversight Committee members for their analysis. Since the filing of SCB's research proposal a number of Oversight Committee meetings have been held to review and discuss specific aspects of SCB's proposal. As indicated in the minutes

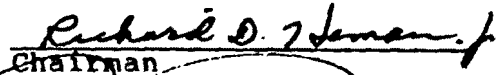
of those meetings SCB has modified its research proposal to reflect suggestions offered by the Oversight Committee.

The Commission has reviewed the proposed research methodology, the minutes of the Oversight Committee meetings plus other filed material dealing with SCB's research proposal. As a result of its review the Commission is of the opinion and finds that SCB's LMS research proposal as modified by the filings of May 31, 1985, and February 3, 1986, will provide a framework to address the analytical requirements of an LMS rate structure. Therefore the Commission will accept SCB's research proposal. However in accepting the research proposal the Commission does not adopt or in any way endorse the specific costing methodologies contained in the proposal. In addition the Commission reminds all interested parties that the acceptance of the research proposal does not in any way prejudice the results of the actual study.

IT IS THEREFORE ORDERED that SCB's LMS research proposal be and it hereby is accepted.

Done at Frankfort, Kentucky, this 15th day of May, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Secretary


Commissioner