

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF GENERAL)
TELEPHONE COMPANY OF THE)
SOUTH FOR AN ORDER AUTHORIZING) CASE NO. 9508
THE ISSUANCE AND SALE OF)
SECURITIES)

O R D E R

On January 31, 1986, General Telephone Company of the South ("General") filed an application seeking authority to issue and sell 400,000 shares of its \$25 par value common stock to its parent, GTE Corporation ("GTE"), for \$10,000,000. The proceeds from the sale are to be used to repay \$10,000,000 in commercial paper. The commercial paper was used to finance additions and replacements to General's telephone plant.

The Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that General's proposed issuance and sale of 400,000 shares of its \$25 par value common stock to its parent, GTE, for \$10,000,000 is for lawful objects within the corporate purposes of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service and is reasonably necessary and appropriate for such purposes.

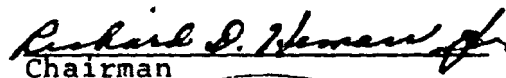
IT IS THEREFORE ORDERED that General be and it hereby is authorized to issue and sell 400,000 shares of its \$25 par value common stock to its parent, GTE, for \$10,000,000 on or before March 31, 1986.

IT IS FURTHER ORDERED that the proceeds from the sale of the securities authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty by the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 13th day of February, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary