

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE KENTUCKY)
INTRASTATE RATES OF SOUTH CENTRAL) CASE NO. 10105
BELL TELEPHONE COMPANY, INC.)

O R D E R

On July 13, 1988 South Central Bell Telephone Company, Inc. ("SCB"), filed a Motion to Conclude this Docket and to Adopt Revised Incentive Plan. SCB proposes that the case be concluded by the Commission's adoption of the following plan: a) the amortization of the depreciation reserve deficiency will be booked over a three year period beginning September 1, 1988 with an annual revenue requirement impact of \$14.9 million; b) a current rate reduction in local service rates beginning September 1, 1988 with an annual revenue requirement impact of \$5.5 million; c) the adoption of a revised incentive regulation plan which will require SCB to share with the ratepayers the risks of underearning and the benefits of overearning within specified ranges of an average return on capital; d) the rate stabilization plan will extend through August 31, 1990.

The Commission, being advised, is of the opinion and finds that further inquiry into the impact of SCB's July 13 proposal is necessary to properly evaluate the Motion. Such proposal contains tariffs with a September 1, 1988 effective date. Therefore, the Commission establishes the following procedure:

