

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A REVIEW OF THE RATES AND CHARGES)
AND INCENTIVE REGULATION PLAN OF) CASE NO. 90-256
SOUTH CENTRAL BELL TELEPHONE COMPANY)

O R D E R

On May 3, 1993 South Central Bell Telephone Company ("South Central Bell") filed Schedules for the May 1993 Point-of-Test pursuant to the Incentive Plan. The Commission, having reviewed these filings, finds as follows:

South Central Bell's filing proposes to amortize the November 1992 actual to forecast variance of \$3,548,000 (plus interest) over an eighteen month period beginning June 1, 1993 and ending November 30, 1994. The April 3, 1991 Order establishing the Incentive Plan mandates that it utilize a true-up mechanism. The estimated data used at the previous Point-of-Test is to be compared to the actual data of the same period and any resulting increase or decrease is to be incorporated into rate adjustments made at the subsequent Point-of-Test (See April 3, 1991 Order, page 24). Moreover, the Commission does not believe that the instant true-up should be used to alter rate design. Had the variance not occurred, the decrease in rates from the November 1992 Point-of-Test would have been to access and toll according to the rate decrease schedule with no future impact on the rate increase schedule. South Central Bell should incorporate this finding into its November 1993 Point-of-Test filing.

The Commission therefore finds that South Central Bell should revise and resubmit its May 1993 Point-of-Test filing and incorporate full recognition of the true-up into its schedule calculations. Revised tariffs incorporating these schedules should also be filed.

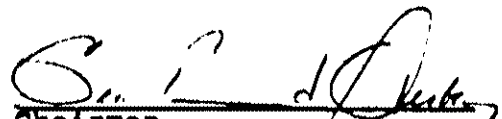
The Commission, being otherwise sufficiently advised, HEREBY ORDERS that:

1. South Central Bell shall file revised Point-of-Test Schedules 1 and 2 in accordance with the discussion as set forth herein which should reflect a revenue decrease of approximately \$6,644,000.

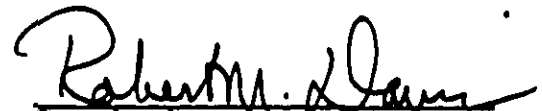
2. South Central Bell shall file revised tariffs reflecting the revised schedules to be effective June 1, 1993.

Done at Frankfort, Kentucky, this 1st day of June, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director