

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On August 4, 1995, the Attorney General, by and through his Public Service Litigation Branch ("Attorney General"), filed a petition seeking rehearing of several issues in this proceeding. On August 17, 1995, BellSouth Telecommunications Corporation d/b/a South Central Bell Telephone Company ("South Central Bell") filed a response contending that the Attorney General's motion does not satisfy the statutory standard in KRS 278.400 for the granting of a rehearing as there has been no additional evidence offered by the Attorney General. The Attorney General does not contend that there is any additional evidence which could not have been offered at the hearing in this proceeding. Accordingly, the motion is denied.

The Attorney General has petitioned for a rehearing regarding whether revenue requirement issues should have been addressed in this proceeding, stating that "ordinary rate-making principles and precedents" were not applied. The Attorney General has asked that the Commission rehear all revenue issues, especially those related to interest savings and the resulting increase in income taxes, SFAS 112 relating to post-employment benefits, and the cost of capital. However, our Order stated that the filing of South Central Bell

[c]conforms to the procedures established in prior Commission Orders. . . . The Attorney General's argument


that South Central Bell is not due any increase is based upon proposed adjustments to financial results. When the Revised Incentive Plan was established in 1991, these adjustments were not permitted. Since the adjustments are not part of the Revised Incentive Plan they must now be rejected.¹

The Commission established six points-of-test and in each instance followed the procedures required by its Order and established practices. The balance of the Attorney General's other arguments were addressed in Case No. 94-121² and received full consideration by the Commission in establishing future rates in that proceeding.

The Commission, having considered the Attorney General's motion and South Central Bell's response thereto and having been otherwise sufficiently advised, HEREBY ORDERS that the motion be denied.

Done at Frankfort, Kentucky, this 24th day of August, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

¹ Order at 3 and 4.

² Case No. 94-121, Application of BellSouth Telecommunications, Inc. d/b/a South Central Bell Telephone Co. to Modify Its Method of Regulation.