

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE NEED FOR)
AFFILIATED TRANSACTION RATES AND) ADMINISTRATIVE
COST ALLOCATION REQUIREMENTS FOR) CASE NO. 369
ALL JURISDICTIONAL UTILITIES)

O R D E R

On September 24, 1998, BellSouth Telecommunications, Inc. ("BellSouth") filed a motion for clarification and reconsideration of the Commission's September 3, 1998 Order in this proceeding. More precisely BellSouth requests clarification as to whether the draft Code of Conduct is applicable to telecommunication companies in general and BellSouth in particular. BellSouth points out that it is already subject to code of conduct rules pursuant to federal regulation of affiliated transactions and cost allocations and it is under price cap regulation by this Commission.

As stated in the September 3, 1998 Order, the draft Code of Conduct, if adopted, is intended to apply to all utilities in Kentucky. It is the Commission's understanding that the federal Code of Conduct applicable to telecommunications utilities does not cover in the same detail all the activities encompassed by the draft Code of Conduct. However, to the extent that BellSouth believes that the federal Code of Conduct imposes obligations that are equal to or greater than those under our draft code, it should include a detailed analysis of those obligations in its forthcoming comments. BellSouth should also include in those comments a detailed explanation of why it believes that its price cap regulation should exempt it from any Commission adopted Code of Conduct.

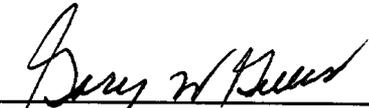
IT IS THEREFORE ORDERED that the September 3, 1998 Order is modified to the extent provided in the above findings.

Done at Frankfort, Kentucky, this 13th day of October, 1998.

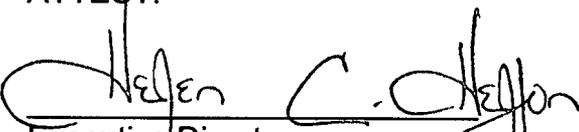
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director