

BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION
NASHVILLE, TENNESSEE

September 20, 1995

IN RE: APPLICATION OF BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A
SOUTH CENTRAL BELL TELEPHONE COMPANY FOR A PRICE
REGULATION PLAN

DOCKET NO. 95-02614

ORDER

This matter is before the Commission upon application by BellSouth Telecommunications, Inc., d/b/a South Central Bell Telephone Company (hereafter Bell) for implementation of its price regulation plan pursuant to T.C.A. 65-5-209.

This application was filed with the Commission on June 20, 1995. Bell elected October 1, 1995 as the date for price regulation to be in effect.

In accordance with T.C.A. 65-5-209(c), the Commission staff has audited the company's March 1995 TPSC 3.01 report, that being the most recent report at the time of the Bell application. The audited report was submitted to this Commission on Friday, September 15. This report reflects that the audit was done in accord with the requirements of Section 65-5-209(j) that it

accurately reflect(s)..in all material respects, the Incumbent Local Exchange Company's achieved results in accordance with Generally Accepted Accounting Principles as adopted in Part 32 of the Uniform System of Accounts, and the ratemaking adjustments to operating revenues, expenses and rate base used in the Commission's most recent order applicable to the Incumbent Local Exchange Company

This report, based upon the above, states that Bell's rate of return for the twelve months ended March 31, 1995 is 12.76%, which is above its authorized rate of return range: that range set as 10.65-11.85% in the 1993 Earnings Investigation of Bell, Dockets No. 92-13527 and No. 93-00311.

Public Chapter 408 at Section 65-5-209(c) provides that if a company is earning a rate of return greater than the Current Authorized Fair Rate of Return, the Commission shall initiate a contested, evidentiary proceeding to establish the initial rates on which price regulation plan is based. The Commission is further directed to initiate such a rate-setting proceeding to determine a fair rate of return on the Company's rate base using the actual intrastate operating revenues, expenses, rate base and capital structure from the

Company's most recent TPSC 3.01 report as audited by the Commission staff pursuant to subsection (j).

The submission and acceptance of the audit report completes the threshold requirements set out in Section 65-5-209(c). With the authority granted to it by law, the Commission receives and accepts this report. In order to complete the statutory process set out in Title 65,

IT IS THEREFORE ORDERED THAT,

1. The Commission shall convene a contested case proceeding to establish initial rates for Bell's price regulation. All parties previously granted intervention shall retain that status unless notice in writing is filed with the Commission within ten (10) days of entry of this Order.

2. The Commission shall convene a pre-hearing conference on Tuesday, October 3, for the purpose of hearing oral argument, deciding preliminary motions, and establishing a schedule for such further proceedings as are required. Parties shall be further advised by separate notice. The parties are directed that, on or before Monday, October 2, briefs shall be submitted for consideration of the following issues:

a.) Which TPSC 3.01 report is to be used for rate-making purposes in the contested evidentiary proceeding set forth in Section 65-5-209(c) and (j)?,

b) What is the scope of the contested evidentiary proceeding to establish initial rates for price regulation as set out in Section 65-5-209(c)?,

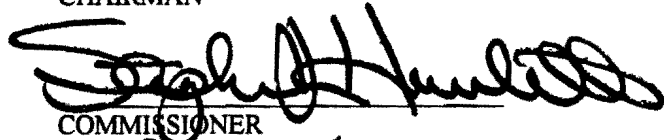
c) What applicable law and policy considerations are relevant to the Commission's decision whether to consolidate the Bell earnings investigation and this contested evidentiary proceeding for purposes of discovery and hearing, and

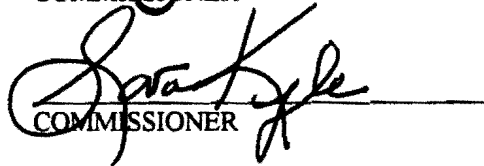
d) What is the scope of the proceeding that would be created by consolidation and what procedures should be employed in the course of such a proceeding?

IT IS FURTHER ORDERED THAT

3. As this threshold requirement, concluded by this Order, was not a contested case, nor it being within the authority of the Commission to require a contested case, the Petition for Information filed by the Consumer Advocate is hereby denied.


CHAIRMAN


COMMISSIONER


COMMISSIONER

ATTEST:


EXECUTIVE DIRECTOR