



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
OFFICE OF THE JUDGE ADVOCATE GENERAL  
901 NORTH STUART STREET  
ARLINGTON, VA 22203-1837



November 13, 1992

Regulatory Law Office  
U 3741

SUBJECT: Comprehensive review of the Revenue Requirements  
and Rate Stabilization Plan of Southern Bell Telephone &  
Telegraph Company, Docket No. 920260-TL

Mr. Steve C. Tribble  
Director, Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32301

Dear Mr. Tribble:

Enclosed for filing in this proceeding are an original  
and 15 copies of the Direct Testimony and Exhibits of Charles  
W. King, on behalf of the U.S. Department of Defense and All  
Other Federal Executive Agencies of the Federal Government,  
in the above-styled proceeding.

Copies have been served in accordance with the attached  
Certificate of Service.

Sincerely,

PETER Q. NYCE, JR.  
General Attorney  
Regulatory Law Office

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**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF THE STATE OF FLORIDA**

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**DIRECT TESTIMONY OF CHARLES W. KING**

18           **Q.    Please state your name, position and business address.**

19           A.    My name is Charles W. King. I am President of the economic  
20 consulting firm of Snavelly, King and Associates Inc. with offices at 1220 L Street,  
21 N.W. Washington, D.C. 20005.

22           **Q.    Will you briefly describe Snavelly, King and Associates**  
23 **Inc.**

24           A.    Snavelly, King and Associates Inc. was formed in 1970 to conduct  
25 research on a consulting basis into economic issues of costs, revenues, rates and  
26 demand characteristics of regulated industries. Most of the firm's work has  
27 involved the preparation and presentation of expert witness testimony before  
28 Federal and State regulatory agencies.

29           **Q.    Have you attached a summary of your qualifications and**  
30 **experience to this testimony?**

31           A.    Yes. Attachment A is a brief summary of my qualifications and  
32 experience. Attachment B is a tabulation of my appearances before Federal and  
33 State regulatory agencies in connection with utility rate proceedings.

34           **Q.    For whom are you appearing in this proceeding?**

1           A.     I am appearing on behalf of the customer interests of the United  
2 States Department of Defense and all other Federal Executive Agencies.

3           **Q.     What is the objective of your testimony?**

4           A.     The objective of my testimony is to comment on the revisions to the  
5 incentive regulation plan that were submitted by Southern Bell on July 15, 1992.

6           **Q.     Would you briefly describe Southern Bell's proposed**  
7 **revisions?**

8           A.     In Order No. 20162 issued October 13, 1988, the Commission  
9 adopted an incentive sharing plan for Southern Bell which allowed the Company to  
10 retain earnings within an authorized range of return on equity from 11.5 percent to  
11 14 percent. Between 14 percent and 16 percent, the Company was required to  
12 share earnings 60 percent with ratepayers and 40 percent to the Company. The  
13 Company would refund all earnings over 16 percent to ratepayers. In Order No.  
14 24066, issued February 5, 1991, the Commission extended the incentive sharing  
15 plan for an additional two years through December 31, 1992.

16                     The Company now proposes the modify the plan by establishing a  
17 "price regulation index" (PRI) which will control the percentage by which Southern  
18 Bell's overall price levels may vary from year to year. The PRI would reflect the  
19 Gross National Product Price Index, less a productivity offset of 4 percent,  
20 adjusted for exogenous cost changes resulting from taxes, depreciation  
21 proceedings, jurisdictional separations rule and accounting rule changes. Existing  
22 rates would be the starting point. Each year a new PRI would be developed, and  
23 rates from the previous year would be increased or decreased by the increase or  
24 decrease in that index.

25                     Additionally, the existing limitations on overall earnings would  
26 continue to apply. Southern Bell witness Randall S. Billingsley purports to  
27 demonstrate that the return to equity capital allowed by the Commission in 1988

1 continues to be appropriate, and therefore the existing sharing bands should  
2 continue. The only change recommended by Southern Bell is that the 60/40 sharing  
3 percentage between 14 and 16 percent return should be changed to 50/50 in light of  
4 the greater risk assumed by the Company by reason of the application of a 4 percent  
5 productivity offset against inflation.

6 Finally, within the constraints of the overall earnings limits,  
7 Southern Bell would be allowed to change its rates. All services would be  
8 classified into two categories, basic and non-basic. The rates for basic services  
9 could be increased by up to 5 percent in any given year; the rates for non-basic  
10 services could be increased up to 20 percent. It is not clear when Southern Bell  
11 would initiate these rate changes. Presumably, some of them may coincide with the  
12 annual revisions in the overall rate level in response to changes in the Price  
13 Regulation Index. Southern Bell suggests that any ratepayer sharing of excess  
14 earnings be distributed in the form of one-time customer refunds.

15 **Q. Should the existing rates serve as a starting point for the**  
16 **new incentive regulation plan?**

17 **A.** No. The Commission should determine independently whether the  
18 existing rates accurately reflect the Company's cost of service and specifically its  
19 current cost of capital. There is good reason to suppose that the capital costs have  
20 declined significantly since 1988. Attachment C to this testimony is a chart which  
21 displays the yields from Moody's Aa public utility bonds and 10-year treasury  
22 bonds since mid-year 1988, when the existing sharing bands were established. The  
23 chart reveals that utility bond yields have declined from approximately 10.5 percent  
24 to below 8.5 percent, or about 200 basis points, during the four year interval. Ten  
25 year treasury bond yields have declined from about 9 percent to about 7 percent  
26 during the same period, also a 200 basis point decline. While it may be  
27 inappropriate to translate this 200 basis point reduction in debt costs to equity, there

1 can be little doubt that the environment of the capital markets has changed  
2 significantly during this four year interval. It is therefore necessary that the  
3 Commission determine the currently appropriate rate of return and then recalibrate  
4 Southern Bell's rates to generate that return. These recalibrated rates, not the  
5 existing rates, should be the starting point for any new incentive regulation plan.

6 **Q. Would you please comment on the propriety of the Price**  
7 **Regulation Index recommended by Southern Bell.**

8 **A.** The index recommended by Southern Bell is similar to indexes that  
9 have been used by the Federal Communications Commission in regulating AT&T's  
10 interstate rates and the interstate access rates of the local exchange carriers. The  
11 State of California has also adopted a similar rate index plan to constrain the overall  
12 revenue levels of Pacific Bell and GTE of California.

13 If there is any objection to a price regulation index, it lies in the  
14 complexity created by the extraordinary proliferation of rates and services provided  
15 by a telephone company. Unlike an electric or gas utility, a telephone company  
16 provides a multiplicity of different services to different customers. The derivation  
17 of a composite rate is therefore a complex calculation. As a consequence, the  
18 adjustment of the composite rate in response to a rate index change may have very  
19 different impacts on different customers depending upon the company's  
20 implementation plan.

21 This problem of the proliferation of rates and services is not  
22 particularly relevant with respect to the FCC "price cap" plan because interstate  
23 access rates are relatively simple in their structure. In California, the rate index  
24 adjustments in overall revenue are implemented through surcharges or surcredits  
25 that are applied to the total of each customer's bill. The distribution of those  
26 cumulative surcharges or surcredits among the respective services is handled  
27 through an entirely separate proceeding. Thus, in California, the overall revenue

1 changes associated with the price regulation index are decoupled from the  
2 distribution of those changes as adjustments to the permanent rates of the respective  
3 service offerings. If the rate indexing concept is accepted in Florida, I recommend  
4 that the same procedure of decoupling revenue adjustments from rate structure  
5 changes be adopted. I will discuss this procedure in greater detail later in my  
6 testimony.

7 **Q. How does Southern Bell's proposed four percent**  
8 **productivity offset compare with the offsets used elsewhere?**

9 A. The Federal Communications Commission allows local exchange  
10 carriers to choose between a productivity offset of 3.5 percent and 4.5 percent. A  
11 carrier opting for the higher productivity offset is permitted to enjoy a higher rate of  
12 return if it can earn it. The California Commission has prescribed a productivity  
13 offset of 4.5 percent. Additionally, I should note that the Georgia Public Service  
14 Commission has required Southern Bell to achieve a 5 percent annual productivity  
15 improvement in order to retain any excess earnings in its sharing plan.

16 **Q. Do you have any comments on the Company's proposed**  
17 **list of exogenous factors that would offset the price regulation**  
18 **index?**

19 A. Presumably, these exogenous factors would be the same as those  
20 included in "the box" of exogenous factors for purposes of calculating the annual  
21 rate of return under the existing sharing plan. I have no objection to including  
22 changes in tax rates, accounting and separations rules. I do object to the automatic  
23 flow-through of the effect of depreciation changes. The Company's depreciation  
24 rates are not exogenous; they are the result of the Company's planned retirements  
25 program, which in turn is driven by its long-term strategic objectives. Obviously,  
26 they are very much under the control of the Company, and they reflect directly the

1 Company's ability to draw productivity from its capital investments. Therefore, the  
2 result of depreciation proceedings should not be treated as an exogenous factor.

3           Conversely, separations factor changes should be treated as  
4 exogenous, along with changes in separations rules. These factors are driven  
5 primarily by the relative use of the Company's network by interstate and intrastate  
6 services. If interstate usage increases more than intrastate usage, then there is a  
7 reduction in the Company's intrastate revenue requirement. That reduction is not  
8 the result of any effort of the Company's management. More likely, it results from  
9 the efforts of the managements of the interexchange carriers, who are able to deliver  
10 greater volumes of traffic to Southern Bell's access network than Southern Bell is  
11 able to generate itself. The resultant changes in separations factors are thus  
12 exogenous to Southern Bell and should not be the basis for the Company's  
13 retaining excess earnings.

14           Q.     Should there be any modification in the sharing arrangements?

15           A.     Yes. The Commission should revise the sharing bands to conform  
16 to any revision it finds appropriate in the allowed rate of return to the equity capital  
17 of Southern Bell. As noted earlier, and as illustrated in Attachment C, there is  
18 reason to believe that the costs of capital have declined significantly since 1988. If  
19 so, then the respective sharing bands should be adjusted downward accordingly.

20           As a representative of ratepayers, I am inclined to quibble with  
21 Southern Bell's proposal to change the 60/40 ratepayer/shareholder distribution to  
22 50/50. However, I must concede that the institution of a productivity offset  
23 constraint on Southern Bell may add further risks to the Company's operations, and  
24 therefore I believe the 50/50 sharing alternative is acceptable.

25           Q.     Should the Commission adopt Southern Bell's recommended  
26 separation of services into basic and non-basic categories?



1           A.     To a limited extent, Southern Bell's proposal is consistent with the  
2 efforts of many telephone companies and state regulators to allow greater flexibility  
3 in the pricing of services subject to competition. I support this trend, provided that  
4 the competition is real. I am unpersuaded that the list offered as Exhibit No. 2 to  
5 Mr. Lombardo's testimony accurately separates the services that are competitive  
6 from the services that are not competitive.

7                     For example, Mr. Lombardo includes Direct Inward Dialing as a  
8 non-basic service. Under his proposal, Southern Bell could increase the rates for  
9 this service by as much as 20 percent annually. This designation presumes that  
10 Direct Inward Dial is not a "basic" requirement of customers who operate PBX  
11 systems. In fact, Direct Inward Dial is critical to the efficient use of most PBX  
12 systems. PBX systems are direct competitors to Southern Bell's ESSX services.  
13 ESSX provides Direct Inward Dial as a basic component of the service. Customers  
14 considering the alternative of PBX systems must buy Direct Inward Dial (and Line  
15 Hunting) separately from their PBX trunks. If Southern Bell is permitted upward  
16 pricing flexibility for DID service, it is then positioned to price PBX systems out of  
17 competition with ESSX service. Thus, it is not only inappropriate to classify DID  
18 as non-basic, but that classification would allow Southern Bell to manipulate rates  
19 in a highly anti-competitive fashion.

20           Q.     What alternative classifications of services can you suggest?

21           A.     Many states, e.g., California, Colorado, have adopted a three-tiered  
22 classification for services. The first tier are "actually competitive" services, such as  
23 the intercom function of Centrex and the numerous central office features that,  
24 alternatively, customers can purchase as features in their own customer premise  
25 equipment. They also include services sold through competitively bid or negotiated  
26 contracts. The second category is potentially competitive services, that is, services  
27 that face some competition but over which the telephone company retains a

1 significant pricing power. Notable among these services are private lines and  
2 special access services. Finally, there is the residual of non-competitive services,  
3 which include all services associated with the basic functions of connecting  
4 subscribers with the public switched network and switching their calls on that  
5 network.

6 Q. Do you agree with Southern Bell's proposal for freedom to increase  
7 basic service rates by 5 percent and non-basic service rates by 20 percent?

8 A. No. Such freedom represents virtual deregulation of Southern  
9 Bell's rates. It would allow the Company to manipulate its rates almost at will.

10 Q. What pricing flexibility do you believe should be allowed to  
11 Southern Bell?

12 A. As noted, I recommend that the Commission separate services into  
13 three, rather than two, categories. The fully competitive services can be virtually  
14 deregulated, but for the sake of rate continuity, I would impose the Company's  
15 suggested 20 percent increase limit on the upside and, on the downside, a  
16 requirement that the Company demonstrate that revenues from any service  
17 experiencing a rate reduction recover their long run incremental costs. This  
18 constraint is necessary to ensure against cross-subsidy of competitive services by  
19 monopoly ratepayers.

20 The only flexibility allowed for the second category of potentially  
21 competitive services should be in the downward direction. That is, the Company  
22 may reduce rates for these services but it may not increase them except with the  
23 explicit approval of the Commission. As with the fully competitive category, the  
24 Company should demonstrate that any reduced rates at least recover the long run  
25 incremental cost of the service provided.

1                   Finally, the non-competitive category should be regulated as at  
2 present. The Company may neither increase nor decrease these rates without  
3 explicit approval from the Commission.

4           Q.     How should total revenue changes that result from the incentive plan  
5 be implemented?

6           A.     Under the Company's proposed modification of the incentive plan,  
7 there would be two sources of total revenue changes, those that result from the  
8 movement of the price regulation index and those that result from the constraints of  
9 the sharing bands. I recommend that these changes be treated in the same manner  
10 and at the same time. By March 31 of each year, the Company should submit a  
11 report showing the change in the PRI and its rate of return during the previous year.  
12 If either the PRI or the rate of return sharing bands trigger a change in the overall  
13 level of revenue, the Company would be obliged to increase or decrease its prices.  
14 This report and the supporting calculations would identify the amount of the rate  
15 change.

16                   The distribution of the revenue change is an altogether different  
17 matter. The Company proposes that ratepayer sharing amounts be distributed as  
18 one-time credits on ratepayers' bills. I regard this proposal as unacceptable because  
19 it leaves in place rates that evidently generate excess earnings to the Company. It  
20 also does nothing to rationalize the Company's rate structure, something that should  
21 be an ongoing process.

22                   One alternative might be the California surcredit or surcharge  
23 procedure. This option at least has the advantage of providing permanent rate relief  
24 to ratepayers in the event of overearnings or a reduction in the PRI, or permanent  
25 rate relief to the Company in the event of a earnings deficiency or an increase in the  
26 PRI.

1           The best alternative is the procedure that was recommended by  
2 Southern Bell's sister company, South Central Bell, to each of the regulatory  
3 commissions in its service territory. This procedure decouples the distribution of  
4 the total revenue changes from the calculation of those changes. In a separate  
5 inquiry, the Commission establishes a prioritized list of rate reductions and,  
6 alternatively, rate increases. For example, if there is to be a rate reduction, the  
7 Commission might designate the first million dollars to reductions in, say,  
8 intraLATA toll rates, the second million dollars to access charges, and the third  
9 million dollars to PBX trunks and Network Access Registers. Similarly, there  
10 would be another prioritized list for rate increases setting forth, in order, the dollar  
11 amount to be recovered from services that might require additional revenue,  
12 principally because they are provided below cost.

13           This procedure has been implemented in at least three states,  
14 Kentucky, Alabama and Mississippi. Attachment D to this testimony contains the  
15 lists that were attached to the initial plans approved by the Commissions in those  
16 states for South Central Bell.

17           I recommend this procedure because rate structure changes are  
18 highly contentious and controversial. If the revenue adjustments must await a  
19 determination of their distribution as rate changes, then they are likely to be delayed  
20 while various parties dispute their competing rate adjustment agendas. The result  
21 would be a reintroduction of regulatory lag into a plan that, among its justifications,  
22 should be the reduction of regulatory lag.

23           Q.     Southern Bell's final recommendation is that the plan be adopted in  
24 perpetuity, but that it be reviewed every four years. Do you agree with this  
25 proposal?

26           A.     Yes, I agree with this proposal as far as it goes. I believe, however,  
27 that there should be a trigger mechanism to initiate a reconsideration of the rate of

1 return bands. That trigger mechanism, which would be tied to an index of the  
2 interest rates, is necessary to protect both ratepayers and the Company from the  
3 effect of fluctuations in the cost of capital.

4 Q. What specific index of interest rates do you recommend to trigger  
5 for the reconsideration of the sharing bands?

6 A. I recommend that the yields on 10-year Treasury bonds be used as a  
7 trigger for the Commission's reconsideration of the rate of return bands. If those  
8 yields change by more than 150 basis points (1.5 percentage points) since the  
9 sharing bands were last determined, the Commission should initiate an investigation  
10 to determine whether there should be an adjustment in the sharing bands. In this  
11 manner, if capital costs fall, ratepayers are protected from having to pay rates that  
12 generate excess earnings to the Company. Conversely, if capital costs increase, the  
13 Company is protected from the requirement to refund to ratepayers earnings that are  
14 necessary to maintain its credit and attract capital.

15 Q. Could you please summarize your recommendations?

16 A. Yes. First, I recommend that the Commission determine the  
17 Company's current cost of capital and, if appropriate, recalibrate the Company's  
18 rates to generate that cost of capital. Parallel to this recalibration would be a  
19 resetting of the sharing bands that were established when the initial incentive  
20 regulation plan was approved in 1988. Second, I recommend that the Commission  
21 accept the Company's proposal for a price regulation index to govern the  
22 Company's overall revenue recovery. I would accept the Company's proposal that  
23 it consist of the GNP price index less a productivity offset adjusted for exogenous  
24 factors. The Commission may wish to consider a productivity offset slightly  
25 greater than the Company proposes, possibly 4.5 or 5.0 percent. Additionally, the  
26 exogenous factors should exclude depreciation rate adjustments and should include  
27 separations factor changes.

1                   I recommend that the Commission adjust rates as indicated either by  
2 the PRI or the sharing mechanism each year based on a predetermined, prioritized  
3 list of rate increases and, alternatively, decreases that have been established in a  
4 separate inquiry decoupled from the rate adjustment mechanism.

5                   Finally, I recommend that the Commission reconsider the sharing  
6 bands whenever the yields on 10-year Treasury bonds vary by more than 150 basis  
7 points from their level at the time the sharing bands were last established.

8           Q.     Does this conclude your testimony?

9           A.     Yes. It does.

10

CHARLES W. KING

Mr. King is President of Snavely, King & Associates, Inc. His consulting experience has related primarily to the economics of electric and communications utilities and of transportation. He has appeared before Congressional committees, Federal regulatory commissions, and numerous state regulatory agencies as an expert witness on these matters.

Prior to the establishment of Snavely, King & Associates, Mr. King was with EBS Management Consultants, Incorporated, then a subsidiary of Ebasco Industries. For about a year he was Director of the Economic Development Department, and prior to that he held the title of Principal Consultant. He first entered the consulting field in 1962 with W.B. Saunders & Company, a transportation consulting firm. Prior to entering the consulting field, he was an Analytical Statistician for the Office of Statistical Standards in the U.S. Bureau of the Budget. In that position, he was responsible for the review of all Federal statistical programs dealing with transportation.

Mr. King's work has focused primarily on issues of costs, pricing and rate structures of regulated utilities. In the area of electric utilities, Mr. King has submitted testimony on behalf of Consumer Congress of Virginia, the People's Counsels of Maryland and the District of Columbia, the Rate Counsel of New Jersey, and the Consumer Counsel of Connecticut in connection with rate

increase applications of major electric utilities before those states' public utilities commissions. On behalf of various consumer interests, he has appeared before regulatory or legislative bodies of more than 20 states to testify on the general subject of electric rate design. He has also testified before both House and Senate Committees in connection with energy legislation pending before the U.S. Congress.

In the area of telecommunications, Mr. King directed a three-year series of studies on behalf of the Canadian Transport Commission to develop appropriate costing and ratemaking principles to govern the regulation of the telecommunications utilities under that Commission's jurisdiction. He has also submitted testimony in connection with general rate increase applications by telecommunications carriers before the regulatory commissions of over a dozen states. He has submitted testimony in numerous Federal Communications Commission proceedings on behalf of user parties of various common carrier telecommunications services. This testimony dealt extensively with issues of rate structure and the role of costs and demand in ratemaking for individual services.

Finally, in the area of transportation, Mr. King submitted testimony on the relationship of rail rate increases to national energy and anti-inflation policies in several proceedings before the Interstate Commerce Commission. He was principal investigator in the Canadian Transport Commission's inquiry into the costing



principles and procedures for purposes of rail subsidies and rate regulation. He has submitted testimony on three occasions before the Federal Maritime Commission and once before the Interstate Commerce Commission on behalf of the State of Hawaii in connection with general rate increase applications by the shipping companies which provide marine service between Hawaii and the West Coast.

Mr. King holds a Bachelor of Arts degree in economics from Washington & Lee University and a Master of Arts degree in government economic policy from The George Washington University.

Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date of Cross-examination
	Client	Case		
		Case No.	Utility	
AK	Exxon USA	P-89-1,2	Trans Alaska Pipeline Syst.	October 18, 1990
AZ	Arizona Corporation Commission Arizona Retailers Association	U-1345-I U-1345-II	Arizona Public Service Co. Arizona Public Service Co.	December 16, 1980 January 15, 1981
CA	California Retailers Association California Retailers Association California Retailers Association California Retailers & California Manufacturers California Retailers Association	57666 57602 59351 59351 61138	Pacific Gas & Electric Co. Southern California Edison Pacific Gas & Electric Co. Southern California Edison Southern California Edison	March 6, 1978 April 25, 1978 June 12, 1981 May 20, 1982 May 28, 1982
CO	U.S. Department of Defense  J.C. Penney Company U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense	188 1100  5693 188 1339 188 1540 C. Council C. Council C. Council C. Council	Colorado Springs DPU (Elec)  All Electric Utilities Colorado Springs DPU (Gas) Colorado Springs DPU (Gas) Colorado Springs DPU (Gas) Colorado Springs DPU (Elec) Colorado Springs DPU (Elec) Colorado Springs DPU (Elec)	June 14, 1977  March 8, 1978 October 18, 1979 February 9, 1982 September 30, 1984 June 6, 1985 May 19, 1986 June 30, 1987
CT	Retail Merchants Association Division of Consumer Counsel Public Utilities Control Authority Division of Consumer Counsel Division of Consumer Counsel Division of Consumer Counsel Division of Consumer Counsel Coalition of Hotels, Alley & Retailers Coalition of Hotels, Alley & Retailers	76-0204 76-0604,5 78-0303 80-0403,4 81-0413 81-0602,4 82-0701 85-10-22 87-07-01	Various Electric Utilities CL&P and HELCO Bridgeport Hydraulic Co. CL&P and HELCO United Illuminating Company CL&P and HELCO CL&P CL&P CL&P	July 22, 1976 November 10, 1977 (none) August 11, 1980 July 20, 1981 October 5, 1981 September 28, 1982 (none) April 25, 1988
	D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel	685 715 725	Potomac Electric Power Co. Potomac Electric Power Co. Potomac Electric Power Co.	March 6, 1978 (none) April 4, 1980

State	Electric, Gas, Water Utility Cases		Date of Cross-examination	
	Client	Case		
		Case No.		Utility
DC	D.C. People's Counsel Wash. Metro Area Transit Authority Wash. Metro Area Transit Authority D.C. People's Counsel Wash. Metro Area Transit Authority D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel D.C. People's Counsel	737	Potomac Electric Power Co.	January 1981 June 26, 1981 December 15, 1981 September 21, 1982 March 29, 1984 June 10, 1985 August 20, 1991 May 7, 1992 May 22, 1992
		748	Potomac Electric Power Co.	
		758	Potomac Electric Power Co.	
		785	Potomac Electric Power Co.	
		759	Potomac Electric Power Co.	
		685 Remand	Potomac Electric Power Co.	
		905	Potomac Electric Power Co.	
		912	Potomac Electric Power Co.	
834, III	Potomac Electric Power Co.			
FL	Florida Retail Federation Florida Retail Federation Florida Retail Federation Florida Retail Federation Florida Retail Federation Florida Retail Federation	790593-EU	All Electric Utilities	March 5, 1981 July 23, 1981 September 22, 1982 April 11, 1983 August 19, 1983 April 19, 1984 (none)
		810002-EU	Florida Power & Light Co.	
		820097-EU	Florida Power & Light Co.	
		820097-EU	Florida Power & Light Co.	
		830012-EU	Tampa Electric Company	
		830465-EI	Florida Power & Light Co.	
830465-EI	Tampa Electric Company			
GA	Georgia Retail Association Georgia Public Service Commission	3270-U	Georgia Power Company	September 3, 1981 August 21, 1991
		4007-U	Georgia Power Company	
HA	Public Utilities Department Hawaii Consumer Advocate	2793	All Electric Utilities	February 14, 1978 February 1, 1983
		4536	Hawaiian Electric Company	
IL	Illinois Retail Merchants Assoc. / Chicago Bldg. Mgrs. Assoc. Illinois Retail Merchants Assoc. / Chicago Bldg. Mgrs. Assoc. Illinois Retail Merchants Assoc. / Chicago Bldg. Mgrs. Assoc. Illinois Retail Merchants Assoc. / Chicago Bldg. Mgrs. Assoc. Illinois Retail Merchants Assoc. / Chicago Bldg. Mgrs. Assoc. Illinois Retail Merchants Assoc. / Chicago Bldg. Mgrs. Assoc. Illinois Retail Merchants Assoc. / Chicago Bldg. Mgrs. Assoc.	76-0698	Commonwealth Edison	June 22, 1977 (none) March 5, 1981 July 22, 1982 March 19, 1984 March 15/April 22, 1988 October 29, 1990
		76-0568	All Electric Utilities	
		80-0546	Commonwealth Edison	
		82-0026	Commonwealth Edison	
		83-0537	Commonwealth Edison	
		87-0427	Commonwealth Edison	
		90-0169	Commonwealth Edison	
IN	Indiana Retail Council Indiana Retail Council Indiana Retail Council	35780-92	N. Ind. Public Service Co.	June 1980 October 15, 1980 May 4, 1982
		35780-51	Public Service of Indiana	
		36318	Public Service of Indiana	

**CHARLES W. KING**  
Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date of Cross-examination
	Client	Case		
		Case No.	Utility	
KS	J.C. Penney Company	115,379-U	All Kansas Utilities	January 22, 1981
KY	Seven Kentucky Retailers	7310	Louisville Gas & Elect. Co.	April 25, 1979
MD	Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Retail Merchants of Baltimore Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Organization for Consumer Justice Maryland People's Counsel Maryland People's Counsel Retail Merchants of Baltimore Genstar Stone Products, et al. Industrial Interveners Maryland Industrial Group	6977 6814 6807 6882 6985 7070 7149 7163 7236 7397 7427 7574 7597 7604 7588 7663 7685 7878 7878 7973	Wash. Gas & Light Company Potosac Electric Power Co. All Electric Utilities Baltimore Gas & Electric Co. Baltimore Gas & Electric Co. Baltimore Gas & Electric Co. Potosac Electric Power Co. All Electric Utilities Delmarva Power & Light Baltimore Gas & Electric Co. Delmarva Power & Light Baltimore Gas & Electric Co. Potosac Electric Power Co. Potosac Edison Company Baltimore Gas & Electric Co. Potosac Electric Power Co. Baltimore Gas & Electric Co. Potosac Edison Company Potosac Edison Company Baltimore Gas & Electric Co.	September 17, 1976  September 1, 1977 (none) September 28, 1976 December 20, 1976 April 18, 1978 January 17, 1979 October 23, 1978 June 20, 1980 September 8, 1980 December 2, 1981 February 18, 1982 April 20, 1982 October 19, 1982 November 22, 1982 April 12, 1983 December 9, 1985 June 28/July 1986 March 4, 1987
MA	Coalition of Municipalities Coalition of Municipalities Coalition of Municipalities Coalition of Municipalities Coalition of Municipalities	20279 557/558 957 1300 85-270	Western Mass. Electric Western Mass. Electric Western Mass. Electric Western Mass. Electric Western Mass. Electric	March 19, 1980 May 14, 1981 March 9, 1982 January 1983 March 26, 1986
MN	Minnesota Retail Federation	E002/ 6R-77-611	Northern States Power	1979
MO	Missouri Retailers Association	E0-78-161	Kan. City Power & Light Co.	February 19, 1981
NH	Business & Industry Assoc. of N.H. Business & Industry Assoc. of N.H. Business & Industry Assoc. of N.H.	79-187-II 80-260 82-333	Public Service of N.H. Public Service of N.H. Public Service of N.H.	February 6, 1981 February 5, 1981 November 2, 1983

**CHARLES W. KING**  
Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases		Date of Cross-examination	
	Client	Case		
		Case No.		Utility
NJ	Dept. of Public Advocate Dept. of Public Advocate N.J. Retail Merchants Association Department of Public Advocate Resorts International Hotel, Inc. Dept. of Public Advocate Dept. of Public Advocate Dover Township Fire Chiefs	761-8 7911-951 803-151 815-459 8011-827 822-116 355-87 88-080967	Public Serv. Electric & Gas Atlantic City Electric Co. All New Jersey Utilities N.J. Natural Gas Company Atlantic City Sewerage Co. Atlantic City Electric Co. Elizabethtown Gas Toa's River Water Company	January 18, 1977 April 21, 1980 March 31, 1981 (none) (none) August 11, 1982 June 9, 1987 February 22, 1989
NC	North Carolina Merchants Assoc.	E-100	All Electric Utilities	December 18, 1975
NY	N.Y. Council of Retail Merchants Metropolitan N.Y. Retail Council Metropolitan N.Y. Retail Council N.Y. Metro. Transit Authority	26806 27029 27136 27353	All Electric Utilities Consolidated Edison Co. Long Island Lighting Co. Consolidated Edison Co.	February 3, 1976 (none) July 1, 1977 September 5, 1980
OH	Ohio Council of Retail Merchants Ohio Council of Retail Merchants	88-170-EL 83-1529-EL	Cleveland Elec. Illuminating Cincinnati Gas & Electric	(none) February 15, 1992
PA	Pennsylvania Retail Association Southeastern Pa. Transp. Authority Eastern Penn Energy Users Group Eastern Penn Energy Association Penn Business Utility User Group	76-PRMD-7 R-811626 R-822169 R-842651 R-850152	All Electric Utilities Philadelphia Electric Co. Penn. Power & Light Co. Penn. Power & Light Co. Philadelphia Electric Co.	September 7, 1977 December 11, 1981 March /April 1983 December 3, 1984 February 19, 1986
TX	Houston Retailers Association Houston Retailers Association Cities for Fair Utility Rates	5779 6765 8425/8431	Houston Lighting & Power Co. Houston Lighting & Power Co. Houston Lighting & Power Co.	October 19, 1984 September 25, 1986 April 25, 1989
VA	Consumer Congress of Virginia Consumer Congress of Virginia Va. Business Committee on Energy Virginia Pipe Trades Council	19426 19960 PUE 7900012 PUE 8900051	Virginia Electric Power Co. Virginia Electric Power Co. Virginia Electric Power Co. Old Dominion Elec. Corp & Virginia Electric Power Co.	July 1975 September 19, 1978 February 25, 1981 October 31, 1989
WI	Wisconsin Merchants Federation	6630-ER-2	Wisconsin Electric Power Co.	May 15, 1978

CHARLES W. KING  
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date of Cross-examination
	Client	Case		
		Case No.	Utility	
AZ	Arizona Burglar & Fire Alarm Assn.	9981-E-1051-80-64	Mountain States Telephone	(none)
	Federal Executive Agencies	E-1051-88-146	Mountain States Telephone	(none)
CA	Western Burglar & Fire Alarm Assn.	59849	Pac. Telephone & Telegraph	March 25, 1981
	Western Burglar & Fire Alarm Assn.	59849cont.	Pac. Telephone & Telegraph	June 23, 1982
	Western Burglar & Fire Alarm Assn.	A83-01-22	Pac. Telephone & Telegraph	June 29, 1983
	Western Burglar & Fire Alarm Assn.	A83-02-02	General Telephone of Calif.	January 17, 1984
	Western Burglar & Fire Alarm Assn.	A82-11-07	Pacific Bell Telephone Co.	Jan. 18, Oct. 31, Nov. 28, 1984
	Western Burglar & Fire Alarm Assn.	A85-01-034	Pacific Bell Telephone Co.	June 4, 1985, Oct. 2, 1986
	Western Burglar & Fire Alarm Assn.	A87-01-02	General Telephone of Calif.	October 22, 1987
	Western Burglar & Fire Alarm Assn.	A88-07-017019	Pac. Bell Tel. & GTE of CA.	Jan. 23, 1989
	California Cellular Resellers Assn.	I.88-11-040	All Cellular Carriers	August 11, 1989
CO	U.S. Department of Defense	188 717	Mountain Bell Telephone Co.	1972
	U.S. Department of Defense	188 1700	Mountain Bell Telephone Co.	(none)
	U.S. Department of Defense	Appl.	Mountain Bell Telephone Co.	September 18, 1986
	U.S. Department of Defense	188 1766	Mountain Bell Telephone Co.	November 28, 1988
	Colorado Municipal League	Appl 36883	Mountain Bell Telephone Co.	December 13, 1988
	U.S. Department of Defense	18891-082T	U.S. West Communications	February 21, 1990
	U.S. Department of Defense	905-544T	U.S. West Communications	July 17, 1991
	U.S. Department of Defense	90A-665T	U.S. West Communications	October 23, 1991
	U.S. Department of Defense	92M-039T	U.S. West Communications	February 24, 25, 1992
CT	Connecticut Consumer Council CT Cellular Resellers Assn.	770326 89-12-05	Southern New England Tel Co. Southern New England Tel Co.	November 10, 1977 (Pending)
DC	D.C. People's Council	729	Chesapeake & Potomac Tel. Co	May 13, 1980
	D.C. People's Council	798	Chesapeake & Potomac Tel. Co	July 18, 1983
	General Services Administration	827	Chesapeake & Potomac Tel. Co	May 7, 1985
	General Services Administration	854	Chesapeake & Potomac Tel. Co	April 16, 1987
	General Services Administration	850	Chesapeake & Potomac Tel. Co	October 7, 1991
DE	Public Service Commission Federal Executive Agencies Public Service Commission	Depr. Repr 86-20 Depr. Repr	Diamond State Telephone Co. Diamond State Telephone Co. Diamond State Telephone Co.	April 1, 1985 July 31, 1987 March 8, 1988

**CHARLES W. KING**  
Appearances before State Regulatory Agencies

State	Telecommunications Cases		Date of Cross-examination	
	Client	Case		
		Case No.		Utility
FL	GTE Sprint Communications Co. Office of Public Counsel Federal Executive Agencies Federal Executive Agencies Federal Executive Agencies	720536-TP Depr. Repr. 880069-TL 880069-TL 880069-TL	All Telephone Companies Southern Bell Southern Bell Southern Bell Southern Bell	
GA	Georgia Attorney General Federal Executive Agencies Federal Executive Agencies	3893-U 3905-U 3987-U	Southern Bell Telephone Co. Southern Bell Telephone Co. Southern Bell Telephone Co.	
HA	Hawaii Public Utility Commission Four Hawaii Counties	1871 4588	Hawaiian Telephone Company Hawaiian Telephone Company	
ID	U.S. Department of Energy U.S. Department of Energy	U-1000-63 U-1000-70	Mountain Bell Telephone Co. Mountain Bell Telephone Co.	
IL	Illinois Alarm Companies Attorney General of Illinois GTE Sprint Communications Co. Federal Executive Agencies	79-0143 81-0478 83-0142 89-0033	Illinois Bell Telephone Illinois Bell Telephone All Telephone Companies Illinois Bell Telephone	
KS	State Corporation Commission Federal Executive Agencies	Depr. Repr. 166,856-U	Southwestern Bell Southwestern Bell	
MD	Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Federal Executive Agencies Federal Executive Agencies Federal Executive Agencies	6813 6881 7025 7467 7851 8106 8274	C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company	
MI	Michigan Attorney General Michigan Attorney General	U-8911 U-9553	Michigan Bell Telephone Co. AT&T Communications of MI	
MN	GTE Sprint Communications Co. U.S. Department of Defense	83-102-HC 87-021-BC	All Telephone Companies Northwest Bell Telephone Co.	

**CHARLES W. KING**  
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date of Cross-examination
	Client	Case		
		Case No.	Utility	
MO	BTE Sprint Communications Co. Federal Executive Agencies Federal Executive Agencies	TR83-253 TC-89-14 TO-89-56	Southwestern Bell Tel. Co. Southwestern Bell Tel. Co. Southwestern Bell Tel. Co.	September 23, 1983 (none) November 7, 1990
MS	Federal Executive Agencies	U-5453	South Central Bell Tel. Co.	May 15, 1990
NJ	Department of Public Advocate Department of Public Advocate Department of Public Advocate Department of Public Advocate	Depr. Repr. 815-458 Depr. Repr. Depr. Repr.	N. J. Bell Telephone Company N. J. Bell Telephone Company N. J. Bell Telephone Company N. J. Bell Telephone Company	March 1979 October 15, 1981 March 1982 February 1985
NM	New Mexico Corporation Commission New Mexico Corporation Commission	1032 86-151-TC	Mountain Bell Telephone Co. General Tel. of Southwest	November 14, 1983 February 5, 1987
NY	Helios Protection, Inc. Helios Protection, Inc. 3 Alara Companies BTE Sprint Communications Co.	27350 27469 27710 28425	New York Telephone Company New York Telephone Company New York Telephone Company All Telephone Companies	October 17, 1978 May 17, 1979 July 24, 1980 July 8, 1983
PA	City of Philadelphia	R-832316	Pennsylvania Bell Telephone	September 20, 1983
SC	Office of Consumer Advocate Office of Consumer Advocate Office of Consumer Advocate Office of Consumer Advocate Office of Consumer Advocate	Depr. Repr. 86-511-C 86-541-C Depr. Repr. 89-180-C	Southern Bell Southern Bell General Telephone of South Southern Bell ALLTEL of South Carolina	July 1, 1986 December 11, 1986 April 8, 1987 July 10, 1989 September 26, 1989
TX	U.S. Department of Defense	8585/8218	Southwestern Bell Tel. Co.	(None)
VA	U.S. Dept. of Defense/GSA, et al. Federal Executive Agencies	19696 PUC 890014	C&P Telephone Company All Telephone Companies	October 6, 1976 February 13, 1989
VI	V.I. Department of Commerce V.I. Public Service Commission	205 341	Virgin Islands Tel. Co. Virgin Islands Tel. Co.	April 29, 1980 December 7, 1990



**CHARLES W. KING**  
Appearances before State Regulatory Agencies

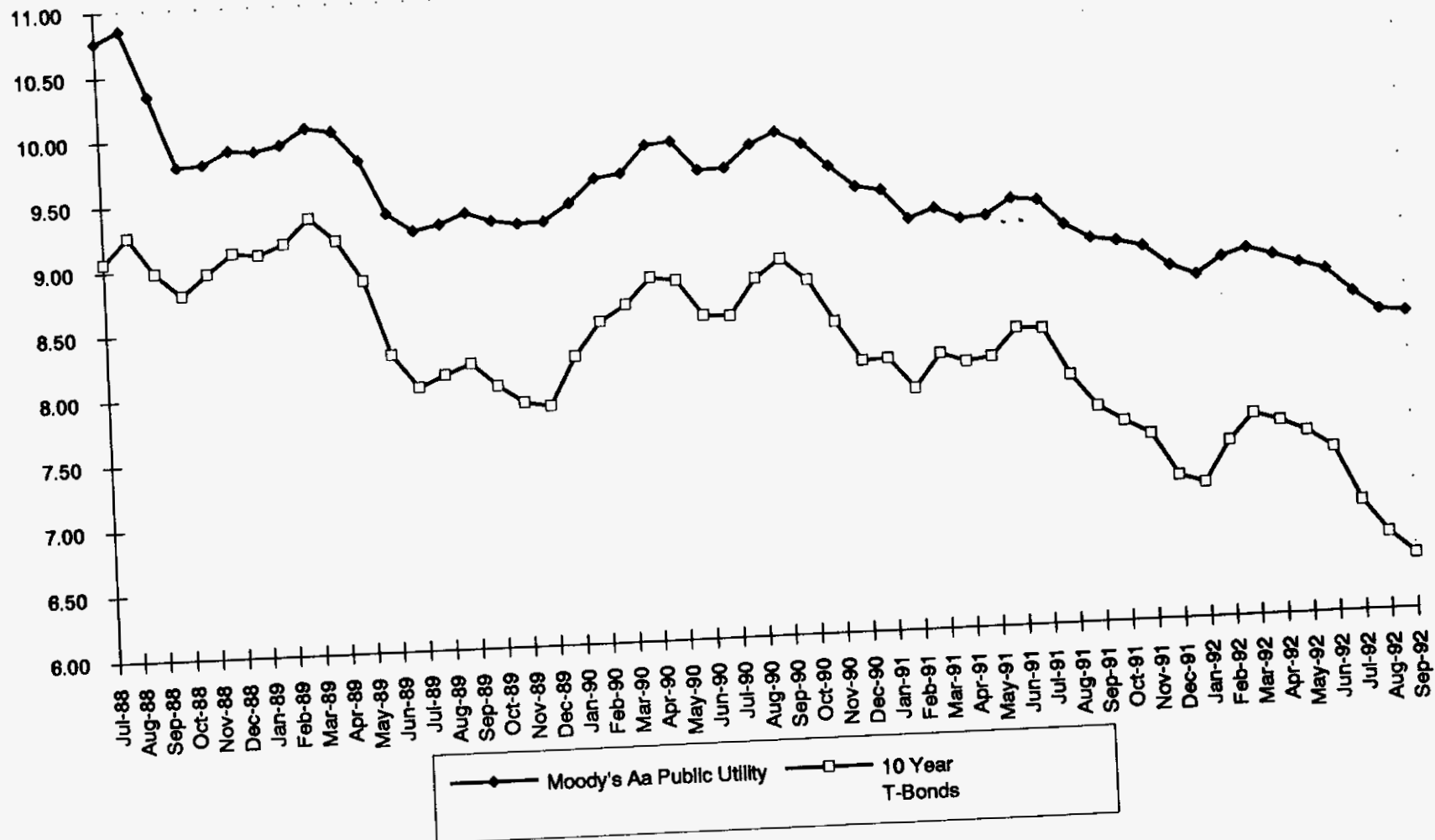
State	Telecommunications Cases			Date of Cross-examination
	Client	Case		
		Case No.	Utility	
WA	U.S. Department of Defense	U-72-39	Pacific Northwest Bell	1973
	U.S. Department of Defense	U-87-796-T	Pacific Northwest Bell	December 20, 1983
	U.S. Department of Defense	U-88-20524	Pacific Northwest Bell	November 8, 1988
	U.S. Department of Defense	U-89-2698-F	US West Communications	November 28, 1989
WI	GTE Sprint	6720-TR-38	All Telephone Companies	October 20, 1983

Federal Communications Commission			
Client	Docket	Subject	Date of Cross-examination
Department of Defense Airline Parties Airline Parties	16020 16258 18128	Consat Rate of Return Bell System Rates TELPAK	1973 July 22, 1968 Mar. 22, Oct. 15, 1971, Feb. 22, 1972
National Data Corporation Press Wire Services Aeronautical Radio Department of Defense State of Hawaii International Record Carriers ITT World Communications Aeronautical Radio MCI Ind. Data Cos. Mfg. Assn. Tysnet, Inc.	19989 19919 20814 20690 21263 CC78-97 CC84-633 CC78-72 CC84-800 CC85-26 ENF84-22	WATS Private Line Rates Private Line Rates 1.544 Mbps Service Interstate Separations Telex/TWX Rates Rate of Return Access Line Charges Rate of Return AT&T Accounting Plan Packet Switching Costs	None None October 5, 1978 January 30, 1979 February 7, 1979 March 6, 1980 None None None None None
Nuclear Regulatory Commission			
Fauquier League for Environmental Protection	50-328 50-329	Va. Electric Power Co.	1976
Postal Rate Commission			
Assoc. Third Class Mail Users Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Harshawsky & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company	R71-1 R72-1 R74-1 MC76-2 MC79-3 R80-1 C82-1 R84-1 R87-1 R90-1 MC91-1 MC91-3	Rates Rates Rates Rate Structure Rate Structure Rates Rate Structure Postal Costs Rate Structure Costs Rate Structure Costs Pre-barcoding Discounts Palletization Discounts	1970 1972 September 13, 1974 January 6, 1978 September 12, 1979 November 25, 1980 None June 14, 1984 November 2, 1987 Sept 12, Oct 10, '90 November 19, 1991 March 2, 1992

U. S. Congress			
Client	Docket	Subject	Date of Cross-examination
National Retail Merchants Association	House/Senate Hearings	Electric Rate Reform Legislation	1976, 1977 & 1979
Federal Maritime Commission			
State of Hawaii Foss Alaska Line Palmetto Shipping and Stevedoring	71-18 79-54 85-20	Ocean Shipping Rates Barge Rate Increase Vessel Charge Liability	October 1971 July 1975 October 27, 1986
Interstate Commerce Commission			
Western Coal Traffic League Western Coal Traffic League Western Coal Traffic League Arkansas Power & Light Co. Central Illinois Light Co. Western Coal Traffic League	Ex Parte 349 Ex Parte 357 Ex Parte 375 (Sub 1) 37276 37450 Ex Parte 347	R. R. Rate Increase R. R. Rate Increase R. R. Rate Increase Cost of Capital Cost of Capital Costing Methods	May 1976 October 1978 June 1980  (none) March 18, 1981 (none)
Civil Aeronautics Board			
Thomas Cook, Inc.	36595	Air Fare Deregulation	(none)
Copyright Royalty Tribunal			
Public Broadcasting Service	88-2-86CD	Television Valuation	(none)

<b>Federal Energy Regulatory Commission</b>			
<b>Exxon USA</b>	<b>DR89-2-000</b>	<b>Pipeline Quality Bank</b>	<b>October 18, 1990</b>
<b>Canadian Transport Commission</b>			
<b>Railway Costing Inquiry, 1967-1969</b> <b>Telecommunications Costing Inquiry, 1972-1975</b>			

## Bond Yields



**Sources:**

Moody's Bond Record, September 1992, p. 82  
 Economic Report of the President, February 1992, Table B69  
 Economic Indicators, September 1992

<b>Month End</b>	<b>Moody's Aa Public Utility</b>	<b>10 Year T-Bonds</b>
Jul-88	10.76	9.06
Aug-88	10.85	9.26
Sep-88	10.34	8.98
Oct-88	9.79	8.80
Nov-88	9.80	8.96
Dec-88	9.90	9.11
Jan-89	9.89	9.09
Feb-89	9.93	9.17
Mar-89	10.05	9.36
Apr-89	10.02	9.18
May-89	9.79	8.86
Jun-89	9.37	8.28
Jul-89	9.23	8.02
Aug-89	9.27	8.11
Sep-89	9.35	8.19
Oct-89	9.28	8.01
Nov-89	9.25	7.87
Dec-89	9.26	7.84
Jan-90	9.39	8.21
Feb-90	9.57	8.47
Mar-90	9.60	8.59
Apr-90	9.81	8.79
May-90	9.83	8.76
Jun-90	9.60	8.48
Jul-90	9.61	8.47
Aug-90	9.78	8.75
Sep-90	9.87	8.89
Oct-90	9.77	8.72
Nov-90	9.59	8.39
Dec-90	9.42	8.08
Jan-91	9.39	8.09
Feb-91	9.16	7.85
Mar-91	9.23	8.11
Apr-91	9.14	8.04
May-91	9.16	8.07
Jun-91	9.28	8.28
Jul-91	9.26	8.27
Aug-91	9.06	7.90
Sep-91	8.95	7.65
Oct-91	8.92	7.53
Nov-91	8.87	7.42
Dec-91	8.71	7.09
Jan-92	8.63	7.03
Feb-92	8.76	7.34
Mar-92	8.82	7.54
Apr-92	8.76	7.48
May-92	8.69	7.39
Jun-92	8.63	7.26
Jul-92	8.45	6.84
Aug-92	8.30	6.59
Sep-92	8.28	6.42

SOUTH CENTRAL BELL  
TELEPHONE COMPANY  
ALABAMA

RATE STABILIZATION  
AND EQUALIZATION PLAN

SECTION 4  
Fifth Revised Page 2  
Cancelling Fourth Revised Page 2

ISSUED: October 24, 1991  
BY: President - Alabama  
Birmingham, AL

EFFECTIVE: December 31, 1991  
APSC Docket 22178  
Order dated 12-11-91

4.2 RATE DECREASES

SCHEDULE 1

Effective for Points of Test 12-31-91 and after

<u>Priority</u>	<u>Service</u>	<u>Frequency</u>	<u>Minimum*</u>	<u>Maximum*</u>	<u>Notes</u>
1	Basic Exchange- Residence	No Limit	\$ .05 Per Mo.	\$3.5M	
2	Grouping	No limit	None	\$1.5M	Introduce 20% discount for ACS
3	Toll	No Limit	None	\$3.0M	Eliminate priority after \$3.0M achieved
4	Toll/ Switched Access	No Limit	None	\$6.0M	1 to 1 Toll/ Switched Ratio Restructure WATS Saver
5	TouchTone	No Limit	\$.05 Res. .10 Bus.	\$5.0M	Limit Decrease to \$.25 Res. and \$.50 Bus.
6	Service Charges	No Limit	\$1.0M	\$1.0M	Do not reduce elements below current cost

(C)

(C)

The first reduction during the effective period of this schedule will begin at priority one and continue to each succeeding priority until the total required adjustment amount is reached. Each subsequent reduction will begin at the point in a priority where the total required previous adjustment was reached and continue through the remaining priorities then return to number one and continue in order if necessary until the required adjustment total is reached.

\*NOTE: Minimum and maximum revenue values may vary due to changes in volume.

SOUTH CENTRAL BELL  
TELEPHONE COMPANY  
ALABAMA

RATE STABILIZATION  
AND EQUALIZATION PLAN

SECTION 4  
Fourth Revised Page 3  
Cancelling Third Page 3

ISSUED: October 24, 1991  
BY: President - Alabama  
Birmingham, AL

EFFECTIVE: December 31, 1991  
APSC Docket 22178  
Order dated 12-11-91

4.2 RATE INCREASES

SCHEDULE 2

Effective for Points of Test 12-31-91 and after

<u>Priority</u>	<u>Service</u>	<u>Frequency</u>	<u>Minimum*</u>	<u>Maximum*</u>	<u>Notes</u>	
1	Directory Listings	Once during plan,	1.0M	\$1.0M	10% increase	(C)
2	Coin Phone Service	Once during plan	\$1.0M	\$1.0M	Time Limit	
3	Local Operator	Once during plan	\$0.50M	\$0.50M	Increase to MTS levels.	
4	Custom Calling Service	Once during during	None	\$3.0M	Increase \$.50 per month	
5	Toll	Once during plan	None	\$2.5M	Reduce Rate Period discounts	
6	Basic Exchange	Residual			2/1 Business/residence ratio	(C)

\*NOTE: Minimum and maximum revenue values may vary due to changes in volume.



APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 90-256, PHASE II, DATED 1/23/92

The following schedule of rate reduction priorities is prescribed for the customers in the area served by South Central Bell Telephone Company and other common carriers concurring in any affected tariff. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rate Reduction Priorities

1. IntraLATA toll rates shall be reduced a total of \$2,860,000 and access charges in the form of non-traffic sensitive revenue requirement shall be reduced a total of \$10,663,000 at a ratio of 0.27:1 at each point-of-test until this objective is achieved.
2. Zone charges shall be reduced a total of \$4,628,000 or the amount necessary to eliminate rate differentials for party line service by reducing zone charges for 1-party service to 2-party levels, except zone 1 1-party charges, at each point-of-test until this objective is achieved.
3. Zone charges shall be reduced a total of \$2,288,000 or the amount necessary to consolidate zones 4 and 5 into zone 3 at each point-of-test until this objective is achieved.
4. Zone charges shall be reduced a total of \$4,973,000 or the amount necessary to reduce all zone charges to \$2.00, except zone 1 2-party charges, at each point-of-test until this objective is achieved.
5. Zone charges shall be reduced a total of \$5,618,000 or the amount necessary to eliminate zone charges at each point-of-test until this objective is achieved.
6. Touch tone charges shall be reduced a total of \$9,521,000 or the amount necessary to eliminate residence touch tone charges at each point-of-test until this objective is achieved.

7. Touch tone charges shall be reduced a total of \$5,077,000 or the amount necessary to eliminate business touch tone charges at each point-of-test until this objective is achieved.
8. Grouping charges shall be reduced a total of \$28,000 of the amount necessary to eliminate residence grouping charges at each point-of-test until this objective is achieved.
9. Grouping charges shall be reduced a total of \$5,727,000 of the amount necessary to reduce business grouping charges to a statewide flat rate of \$15.00 at each point-of-test until this objective is achieved.
10. Exchange access line rates shall be reduced in the amount of any residual funds available at each point-of-test after all of the above objectives have been achieved.

## APPENDIX D

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 90-256, PHASE II, DATED 1/23/92

The following schedule of rate increase priorities is prescribed for the customers in the area served by South Central Bell Telephone Company and other common carriers concerning in any affected tariff. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rate Increase Priorities

1. Late payment charges shall be increased a total of \$2,000,000 at each point-of-test until this objective is achieved.
2. Directory assistance charges shall be increased a total of \$2,000,000 or the amount necessary to eliminate call allowances at each point-of-test until this objective is achieved.
3. Miscellaneous charges shall be increased a total of \$1,000,000 through across-the-board rate adjustments at each point-of-test until this objective is achieved.
4. Exchange access line rates shall be increased in the amount of any residual requirement at each point-of-test after all of the above objectives are achieved.

SOUTH CENTRAL BELL GENERAL SUBSCRIBERS SERVICES Original Page 14  
 TELEPHONE COMPANY TARIFF  
 MISSISSIPPI

ISSUED: June 28, 1990

EFFECTIVE: July 1, 1990

BY: Vice President  
 Jackson, Mississippi

A36. MISSISSIPPI RATE STABILIZATION PLAN

A36.2.6 PREDETERMINED PRIORITY SCHEDULE FOR REVENUE DECREASES

SCHEDULE 4  
 PAGE 1 OF 2

MISSISSIPPI RATE STABILIZATION PLAN  
 SOUTH CENTRAL BELL TELEPHONE COMPANY - MISSISSIPPI  
 PREDETERMINED PRIORITY SCHEDULE FOR MRSF REVENUE DECREASES  
 (IN MILLIONS)

	<u>SERVICE</u>	<u>REVENUE VALUE*</u>	<u>NOTES</u>
1	Switched Access	\$ .5	Eliminate CCLC on closed end of WATS.**
2	MTS Toll Switched Access	1.6 .4	See note 1.
3	Zone Charges	2.8	Establish special zone charges for ACP.
4	MTS Toll Switched Access	1.6 .4	See note 1.
5	Grouping	2.6	Increase discount for ACP customers.
6	MTS Toll Switched Access	1.6 .4	See note 1.
7	Business Service	2.0	Reduce ACP business access line rate.

SOUTH CENTRAL BELL      GENERAL SUBSCRIBERS SERVICES      Original Page 15  
 TELEPHONE COMPANY      TARIFF  
 MISSISSIPPI  
 ISSUED: June 28, 1990      EFFECTIVE: July 1, 1990  
 BY: Vice President  
 Jackson, Mississippi

**A36. MISSISSIPPI RATE STABILIZATION PLAN**

A36.2.6 (Cont'd)

Schedule 4  
 Page 2 of 2

8	MTS Toll Switched Access	1.6 .4	See note 1.
9	Area Calling Plan	2.5	Expand ACP to 30 miles.**
10	MTS Toll Switched Access	1.6 .4	See note 1.
11	Grouping	1.5	Reduce multiplier from 55% to 50%.
12	Touchtone	2.0	Reduce monthly rate \$.25
13	MTS Toll Switched Access	1.6 .4	See note 1.
14	Touchtone	.8	Reduce \$.10 per month
15	Exchange Service      Residual		Decreases to be made on a 4 to 1 bus./res. ratio.

NOTE: Minimum toll adjustment is \$.8M. Minimum access adjustment is \$0.2. Reductions to switched access will be made with the floor being at interstate rates.

\* Revenue values may vary due to changes in volume.

\*\* This decrease was effective 7-1-90 as part of the initial adjustment.

SOUTH CENTRAL BELL GENERAL SUBSCRIBERS SERVICES Original Page 16  
TELEPHONE COMPANY TARIFF

MISSISSIPPI

ISSUED: June 28, 1990

EFFECTIVE: July 1, 1990

BY: Vice President  
Jackson, Mississippi

A36. MISSISSIPPI RATE STABILIZATION PLAN

A36.2.7 PREDETERMINED PRIORITY SCHEDULE FOR REVENUE INCREASES  
SCHEDULE 5

MISSISSIPPI RATE STABILIZATION PLAN  
SOUTH CENTRAL BELL TELEPHONE COMPANY - MISSISSIPPI  
PREDETERMINED PRIORITY SCHEDULE FOR MRSP REVENUE INCREASES  
(IN MILLIONS)

<u>SERVICE</u>	<u>REVENUE VALUE*</u>	<u>NOTES</u>
1 Regroup Exchanges	\$2.2	Move exchanges to appropriate rate group.
2 Directory Assistance	.3	Eliminate exemption on coin phones.
3 Directory Assistance	.3	Eliminate exemption on hotel, motel and mobile.
4 Late Payment	2.5	Initiate charge for late payments.
5 Local Operator	.6	Increase towards MTS rate levels and structure.
6 Miscellaneous Services**	.3	Increase selected items 10% across the board.
7 Custom Calling/Prestige Svc.	3.0	Increase selected items.
8 Exchange***	Residual	Increase to be made on a 2 to 1 bus./res. ratio.

\* Revenue values may vary due to changes in volume.

\*\* Adjustments could be made in such services as directory listings, arrangements for nights, Sundays and Holidays, etc.

\*\*\* Any increases limited to percent increase in Consumer Price Index (CPI-W) since December 1989. The December 1989 CPI-W was 122.6.

CERTIFICATE OF SERVICE  
Docket No. 920260-TL

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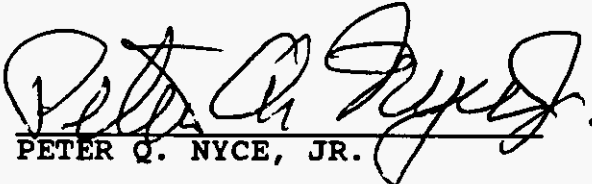
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Dated at Arlington, VA, this 13th day of November, 1992.

  
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