

South Central Bell
Expense Matrix
Mississippi - 1990

Expense Description	Total Last Year	Total This Year	Salaries & Wages	Benefits	Rents	Other
Depr Expense - TPIS - 6561	181,993,902	178,812,263	0	0	0	178,812,263
Depr Exp - Prop Held Fut Use - 6562	1,469	1,898	0	0	0	1,898
Amort Exp - Tangible - 6563	1,167,425	950,315	0	0	0	950,315
Amort Exp - Intangible - 6564	50	50	0	0	0	50
Amort Exp - Other - 6565	0	1595208.97	0	0	0	1595208.97
Total Depr & Amort Expense	183,162,846	181,359,734	0	0	0	181,359,734
Less: Non-Regulated	887,000	889,000				
Net Regulated	182,275,846	180,470,734	0	0	0	181,359,734
Total Plant Non-Specific Opns Exp	234,223,936	235,039,130	30,760,745	8,744,716	0	195,533,669
Less: Non-Regulated	3,978,000	3,776,000	0	0	0	0
Net Regulated	230,245,936	231,263,130	30,760,745	8,744,716	0	195,533,669
Product Management - 6611	8,936,160	7,899,207	1,732,130	354,802	0	5,812,275
Sales - 6612	8,704,420	9,168,777	5,946,736	1,325,598	0	1,896,443
Product Advertising - 6613	2,068,666	2,561,112	45,966	7,898	0	2,507,249
Total Marketing - 6610	19,709,245	19,629,096	7,724,832	1,688,298	0	10,215,967
Less: Non-Regulated	3,752,000	3,283,000				
Net Regulated	15,957,245	16,346,096	7,724,832	1,688,298	0	10,215,967
Call Completion Svcs - 6621	8,070,748	8,484,936	6,635,627	1,817,527	0	31,783
Number Services - 6622	7,027,522	7,313,961	5,231,134	1,498,557	0	584,271
Customer Services - 6623	39,156,470	42,580,597	23,293,239	6,552,303	0	12,735,055
Total Services	54,254,740	58,379,495	35,160,000	9,868,387	0	13,351,108
Less: Non-Regulated	686,000	1,091,000				
Net Regulated	53,568,740	57,288,495	35,160,000	9,868,387	0	13,351,108
Total Customer Opns Expense	73,963,985	78,008,591	42,884,832	11,556,684	0	23,567,075
Less: Non-Regulated	4,438,000	4,374,000				
Net Regulated	69,525,985	73,634,591	42,884,832	11,556,684	0	23,567,075
Executive - 6711	1,260,598	1,243,010	939,050	151,074	0	152,886
Planning - 6712	988,022	526,407	145,301	27,504	0	353,601
Total Exec & Planning	2,248,620	1,769,416	1,084,351	178,578	0	506,487
Less: Non-Regulated	93,000	80,000				
Net Regulated	2,155,620	1,689,416	1,084,351	178,578	0	506,487

South Central Bell
Expense Matrix
Mississippi - 1990

Expense Description	Total Last Year	Total This Year	Salaries & Wages	Benefits	Rents	Other
Accounting & Finance - 6721	7,921,336	8,272,883	3,076,286	732,113	0	4,464,485
External Relations - 6722	8,251,995	8,069,194	3,242,825	636,491	0	4,189,878
Human Resources - 6723	3,868,554	4,653,066	1,473,468	312,460	0	2,867,139
Information Management - 6724	16,981,888	19,111,457	0	0	0	19,111,457
Legal - 6725	1,717,665	2,053,295	743,250	140,273	0	1,169,772
Procurement - 6726	3,808,822	3,558,571	418	0	0	3,558,153
Research & Development - 6727	2,275,680	2,382,627	0	0	0	2,382,627
Other General & Admin - 6728	23,189,862	21,022,629	4,307,401	968,529	0	15,746,698
Total General & Admin - 6720	68,015,801	69,123,724	12,843,647	2,789,867	0	53,490,210
Less: Non-Regulated	3,123,000	3,068,000				
Net Regulated	64,892,801	66,055,724	12,843,647	2,789,867	0	53,490,210
Total Corporate Operations Expense	70,264,421	70,893,140	13,927,998	2,968,445	0	53,996,696
Less: Non-Regulated	3,216,000	3,148,000				
Net Regulated	67,048,421	67,745,140	13,927,998	2,968,445	0	53,996,696
Total Expenses	520,240,607	535,502,452	146,010,662	37,494,427	12,900,791	339,096,571
Less: Non-Regulated	25,607,000	25,368,000				
Net Regulated	494,633,607	510,134,452	146,010,662	37,494,427	12,900,791	339,096,571

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INCOME STATEMENT ALLOC. OF REG. FROM NONREG. (cont.)

Allocated		Adjustments		Total Reg (i)	Total Non-Reg (j)
Reg (e)	Non-Reg (f)	Reg (g)	Non-Reg (h)		
				754,386	20,203
54,817	1,410			137,491	14,070
218,751	4,205			230,065	4,652
40,524	1,618			73,635	4,375
60,037	2,736			67,748	3,148
8				(11)	
374,137	9,969			508,928	26,245
(374,137)	(9,969)			245,458	(6,042)
1,538	3			(963)	277
(468)	(3)			(468)	(3)
39,590	194			39,590	194
40,660	194			38,159	468
(414,797)	(10,163)			207,299	(6,510)

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TELECOM PLANT IN SVC ALLOC OF REG FROM NONREG (cont.)

Allocated		Adjustments		Total Reg (j)	Total Non-Reg (k)
Reg (f)	Non-Reg (g)	Reg (h)	Non-Reg (i)		
5,399	192			5,519	192
24,513	2,094			24,520	2,094
1,177	98			1,180	98
13,929	804			13,929	804
113,423	4,126			116,255	4,126
4,972	332			4,989	332
6,737	275			34,473	275
53,005	2,413			53,188	2,413
223,155	10,334			254,053	10,334
17,098				124,912	
49,432	5			274,587	5
				599	
				4,146	
				34,196	
				405,771	
66,530	5			844,774	5
				(1)	
				95,801	
				3,529	
				15,281	
				7,953	47
				122,563	47
				72,289	
				345,672	
				85,825	
				504,698	
				1,515	
				8,354	
				13,735	
				56,842	
				1,088,930	
2,527	111			2,527	111
2,117	142			2,117	142
4,644	253			4,644	253
294,329	10,592			2,314,964	10,639

REVENUE ALLOCATION OF REG. & NONREG. (cont.)

Allocated		Adjustments		Total Reg (i)	Total Non-Reg (j)
Reg (e)	Non-Reg (f)	Reg (g)	Non-Reg (h)		
				21,671	
				5,298	
				64	
				49	
				6	
				755	
				874	
				11,683	
					20,203
				39,526	20,203
				8,544	
				8,544	
				754,387	20,203

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EXPENSE ALLOCATION OF REG FROM NONREG (cont.)

Allocated		Adjustments		Total Reg (i)	Total Non-Reg (j)
Reg (e)	Non-Reg (f)	Reg (g)	Non-Reg (h)		
175,860	807			178,005	807
2				2	
910	40			910	40
921	30			921	30
177,693	877			179,838	877
218,751	4,205			229,743	4,652
2,366	363			6,830	1,069
2,217	679			7,019	2,150
193	7			2,498	64
4,776	1,049			16,347	3,283
				8,485	
				7,314	
35,748	569			41,490	1,091
35,748	569			57,289	1,091
40,524	1,618			73,635	4,375
1,149	59			1,184	59
504	21			505	21
1,653	80			1,689	80
5,919	241			8,003	270
3,330	281			7,787	282
4,370	279			4,373	279
18,347	750			18,362	750
1,430	71			1,960	94
3,479	53			3,483	77
2,359	21			2,362	21
19,150	959			19,729	1,295
58,384	2,656			66,059	3,068
60,037	2,736			67,748	3,148
374,130	9,969			508,618	26,244

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<p style="text-align: center;">Year of Report December 31, 19⁹⁰</p>
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UTILITY NAME: South Central Bell Telephone Company

BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES

List all contracts, agreements, or other business arrangements* entered into during the calendar year (other than compensation related to position with Respondents) between the Respondent and officer and director listed on page 1. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with the officer or director is affiliated.

Name of Officer, Director or Affiliate	Identification of Service or Product	Amount	Name and Address of Affiliated Entity
			N/A

*Business Agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years. Although the Respondent and/or other companies will benefit from the arrangement, the officer or director is, however, acting on his behalf or for the benefit of other companies or persons.

Year of Report December 31, 19 <u>90</u>

 UTILITY NAME: South Central Bell Telephone Company

BUSINESS TRANSACTIONS WITH RELATED PARTIES

List each contract, agreement, or business transaction exceeding a cumulative amount of 2,500 in any one year, entered into between the Respondent and a business or financial organization, firm, or partnership named on page 41 identifying the particular amounts, dates and product, asset, or service involved.

Part I. Specific Instructions: Services and Products Received or Provided.

1. Enter in this part all transactions involving services and products received or provided.
2. Below are some types of transactions to include:
 - management, legal and accounting services
 - computer services
 - engineering and construction services
 - repair and servicing of equipment
 - material and supplies furnished
 - leasing of structures, land, and equipment
 - all rental transactions
 - sale, purchase or transfer of various products

Name of Company or Related Party	Description Service and/or Name of Product	Contract or Agreement Effective Dates	Annual Charges	
			(Purchased or (S)old	Amount
BellSouth Services, Inc.	Personnel, Purchasing Legal, Administrative Support, Marketing Support, Network Strategic Planning Services		P	113,826
BellSouth Corporation	Financial, Legal Accounting, Regional Planning, Personnel Public Affairs, Public Relations		P	7,370
BellSouth Communi- cations Research	Planning, Engineering Training, Market and Applied Research		P	9,128
BellSouth Human Resources	Management Employment Benefits, EEO Safety, Environmental Affairs Research		P	221

Year of Report December 31, 19 <u>90</u>

UTILITY NAME: South Central Bell Telephone Company**BUSINESS TRANSACTIONS WITH RELATED PARTIES**

List each contract, agreement, or business transaction exceeding a cumulative amount of 2,500 in any one year, entered into between the Respondent and a business or financial organization, firm, or partnership named on page 41 identifying the particular amounts, dates and product, asset, or service involved.

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 - leasing of structures, land, and equipment
 - all rental transactions
 - sale, purchase or transfer of various products

Name of Company or Related Party	Description Service and/or Name of Product	Contract or Agreement Effective Dates	Annual Charges	
			(P)urchased or (S)old	Amount
BellSouth Advertising & Publishing Co. (BAPCO)	Directory publishing		P	238
BellSouth Communications, Inc.			P	180
BellSouth Financial Services	Financing Services		P	138
BellSouth Information Systems	Data Processing Services		P	73
DataServ	Data Processing Equipment lease and repair		P	69
BellSouth Educational Services	Training		P	21
Stevens Graphics	Printing		P	14
MCCA	Mobile Communication Services		P	7
BellSouth Corporation (DC)	External Affairs		P	5

*Deadline to Fed
FI Release 7-18*

BEFORE THE PUBLIC SERVICE COMMISSION
OF
THE STATE OF MISSISSIPPI



89-UN-5453
NF89-149

IN RE: NOTICE AND APPLICATION OF
SOUTH CENTRAL BELL
TELEPHONE COMPANY FOR
ADOPTION AND IMPLEMENTATION OF A RATE STABILIZATION PLAN FOR ITS MISSISSIPPI OPERATIONS.

SOUTH CENTRAL BELL
TELEPHONE COMPANY

ORDER

This cause is before the Mississippi Public Service Commission ("Commission") for final determination of all issues presented in this case, and the Commission, having determined that it has full jurisdiction of the parties and of the subject matter of this proceeding, and having considered the oral and documentary testimony and other evidence presented, now makes the following findings and order herein:

I. PROCEDURAL BACKGROUND

On November 15, 1989, South Central Bell Telephone Company ("SCB" or "Company") filed with this Commission its Notice and Application For Adoption And Implementation Of A Rate Stabilization Plan ("Mississippi Rate Stabilization Plan") or ("Plan") for its Mississippi operations. Thereafter, notice was given as required by law to all potentially interested parties and to the public. The Attorney General of the State of Mississippi ("Attorney General"), the United States Department of Defense ("DOD"), various independent telephone companies ("Independents"), the Mississippi Association of Resellers ("Resellers"), AT&T Communications of the South Central States, Inc. ("AT&T"), MCI Telecommunications Corporation ("MCI") and Mississippi Legal

Services Coalition and Southeast Mississippi Legal Services (collectively "Legal Services") all intervened in this proceeding.

On December 11, 1989, the Commission suspended the Company's proposed rates, charges and Plan for a period not to exceed 120 days and directed the Public Utilities Staff ("Staff") to make a full investigation to determine the reasonableness and lawfulness of the proposed rates, charges, and Plan.

Subsequently, on January 31, 1990, the Commission entered its Second Amended Scheduling Order in which, among other things, the Commission established a schedule for the filing of testimony and exhibits by all parties and intervenors; for the filing of data requests and responses thereto by certain specified dates; for a prehearing conference to be conducted on April 24, 1990; for the filing of final testimony and exhibits subsequent to the prehearing conference; and for the public hearings to commence May 14, 1990.

The prehearing conference was conducted as scheduled, with extensive discussions and negotiations among the Staff, the parties, and the Intervenors. On April 26, 1990, as a consequence of the prehearing conference, the Staff, the Attorney General, Legal Services, and the Company entered into certain Stipulations which were thereafter accepted and adopted by the Commission by its Order of May 7, 1990.

On April 27, 1990, AT&T and the Company entered into certain Stipulations. On May 14, 1990, the Attorney General, the Company and Legal Services entered into certain additional Stipulations. Both of these Stipulations were filed with the Commission and made part of the record.

Prior to the commencement of public hearings in this cause, the Independents who had intervened withdrew their interventions and all testimony and pleadings associated therewith and were dismissed from this case.

Upon the commencement of public hearings in this cause,

the Resellers' Motion in Limine to strike AT&T's testimony regarding restructuring of the intraLATA market was heard. The Commission granted said motion and stated that the subject of intraLATA competition should not be addressed in this docket but should be addressed in another docket in the future.

Public hearings in this matter were commenced on May 14, 1990, and concluded on May 15, 1990. All interested persons and parties were afforded a full opportunity to present statements and evidence. Extensive evidence was introduced, and all parties were afforded a reasonable opportunity to cross-examine witnesses of all other parties.

II. FINDINGS

Subsequent to the conclusion of the public hearings, the Commission has duly considered all of the prefiled direct, supplemental and rebuttal testimony and other evidence, and does now make and enter the following findings:

A.

Recognizing the vast changes that had occurred and were occurring in the telecommunications industry, in our Order of August 10, 1988, we established Docket U-5214 to address the implication of these changes on the provision of telecommunication services in Mississippi. Among other things, we directed the Company to file with us an overall plan for the development of new technologies in this State, and to file a proposed state-wide plan and tariffs to offer on an optional basis a method of service that would (1) permit ratepayers to have some control over their local charges; (2) help low income persons to have access to the Company's network; and (3) address extended area calling concerns. In response to the Commission's Order of August 10, 1988, the Company developed and provided to the Commission detailed information on the Company's plans for the deployment of technology, especially in the rural areas of this State. In

addition, the Company developed a state-wide plan to provide Mississippi ratepayers a local service option that would allow them to control their local telephone charges and that would address extended area calling concerns. This plan, called the Area Calling Plan ("ACP"), is available in much of the State and will be available to all South Central Bell Mississippi customers by the end of 1990. Because some customers may want to keep their service exactly the way it is, this new usage based local service offering is provided as an optional plan. Moreover, in Docket U-5214, we directed the formation of a Task force to study and make recommendations to us concerning regulatory approaches capable of responding to the changes and complexities in the current telecommunications environment. The Task Force appointed by the Commission studied and considered the matters assigned to it, and on October 29, 1988, submitted a detailed report to the Commission recommending the establishment and implementation of a Rate Stabilization Plan. After reviewing the report and filings of the Task Force, the Commission decided to defer the matter of new regulatory approaches for future consideration.

B.

In addition, the Mississippi Legislature enacted Section 77-3-2(h), Mississippi Code of 1972, which became effective February 24, 1989, authorizing this Commission to consider and adopt formula rate-making plans. In granting that authority to us, the Legislature declared the public policy of this State to be "to encourage the continued study and research for new and innovative rate-making procedures which will protect the State, the public, the ratepayers, and the utilities, and where possible, reduce the costs of the ratemaking process."

On November 15, 1989, the Company initiated this proceeding, seeking approval of its proposed Mississippi Rate Stabilization Plan. Our review of that Plan clearly shows that the Plan meets all of the requirements of the aforesaid Section 77-3-2(h) including those requirements concerning

periodic revenue adjustments and hearings related thereto. The Commission takes this opportunity to expressly confirm that the plan does not propose, nor will it be allowed, to abrogate the statutory requirements for hearings.

C.

In the context of the developments described above, and in light of the extensive evidence presented in the course of this proceeding, we are convinced that the adoption of a Rate Stabilization Plan is in the best interests of the Company's ratepayers, of the general public, and of the Company itself. Accordingly, we order the implementation of a Rate Stabilization Plan for the Company's operations in Mississippi, as set forth herein; however, as set forth below, in doing so we reject certain aspects of the Company's proposed Plan, make changes to certain other aspects of the Company's proposed Plan, and order instead the adoption and implementation of the Plan as modified herein.

D.

As noted above, during the course of these proceedings, the Company and certain parties and intervenors entered into certain Stipulations. Not all parties or intervenors entered into all of the Stipulations, however; and the Commission formally accepted and adopted as its own only those Stipulations entered into on April 26, 1990, between the Company, the Staff, the Attorney General, and Legal Services. In any event, all parties and intervenors were afforded a full opportunity to object to said Stipulations and to present testimony and other evidence respecting those Stipulations. Notwithstanding this opportunity, no party or intervenor objected to the Stipulations or presented any evidence at the public hearings contrary to or inconsistent with the Stipulations dated April 26, 1990, which were accepted and adopted by this Commission.

Having considered all of the evidence presented by all of the parties and intervenors, the Commission does now

further find as follows:

1. The Company's 1990 forecasted actual capital structure of 61.55% equity and 38.45% debt is the appropriate capital structure for the Company.

2. The total embedded cost of the Company's long-term and short-term debt is 8.67%.

3. For purposes of implementing the Mississippi Rate Stabilization Plan, the rate base for 1990 is \$876,075,000.

4. The ongoing average investment base of the Company shall be calculated in accordance with Exhibit A attached to the April 26, 1990 Stipulation filed in this cause.

5. For purposes of implementing the Mississippi Rate Stabilization Plan, the Company's income for 1990 is \$110,828,000.

6. The rate of return range for use in the Mississippi Rate Stabilization Plan is set at 10.74% to 11.74% return on average investment base (Rate Base as defined in Exhibit A of the April 26, 1990 Stipulation filed in this cause).

7. South Central Bell shall reduce rates effective on the date of the implementation of the Mississippi Rate Stabilization Plan by an annual amount of \$22,800,000. Such reductions shall be applied to various rates in accord with ordering paragraph 3 below.

E.

Except as hereafter stated, the Commission accepts and adopts as its own the Stipulation entered into by and between the Company, the Attorney General and Legal Services dated May 14, 1990. The Commission adopts and incorporates into this Order by reference all of the paragraphs of said Stipulation except paragraph 5 therein which sets out how the \$22,800,000 rate reduction should be allocated. The Commission's allocation of said reductions is set forth in ordering paragraph 3 below.

Having considered all of the evidence presented by all of the parties and intervenors, the Commission does now

further find as follows:

1.

The Mississippi Rate Stabilization Plan ("MRSP") formula will exclude from rate base (investment base) the company's investment in Long-Term CWIP.

2.

MRSP formula will exclude from operating income the Company's accruals of Interest During Construction (IDC).

3.

Each and every filing of a new innovative tariff proposal by the Company must be accompanied by evidence that the new service will, at a minimum, cover its Long Run Incremental Cost (LRIC) and provide a contribution to the overhead of the firm.

4.

The Company shall revise the plan to provide for a maximum of one revenue neutral adjustment during the three-year plan. The adjustment shall be as follows:

A. Decrease revenues \$3.0M from Schedule 4 (in priority order shown)

B. Increase revenues \$3.0M as follows:

Directory Assistance

Eliminate exemptions from Hotels, Motels and Mobile Phones.

Late Payment

Initiate 1.0% charge for payments not received by the billing date following date bill rendered.

C. Regroup Exchanges

5.

The following reports shall be furnished to the Commission:

A. Monthly - combined and intrastate income statements and statements of investment;

B. Monthly - MR-7 report (This report details the Company's access lines by customer class and type of central office in service in Mississippi. This

report will be filed with the Commission on a proprietary basis inasmuch as it contains commercially sensitive information).

- C. Quarterly - MPSC 1.
- D. Budget and budget comparisons, on a proprietary basis, as required by the Commission.

6.

The duration of the Plan shall be three years. The PSC shall review the Plan after the fourth point of test (mid 1992), prior to the expiration of the Plan.

7.

The Company shall provide the public utilities staff with such information as the staff may require to investigate the performance of the Plan.

8.

The Company shall develop a cost study which, for a given 12-month period, assigns its Mississippi intrastate investment, revenues, expenses, taxes, and return to the services listed on Attachment A to the Stipulation or as may be mutually agreed upon by the parties. The initial version of the study will be completed to reflect actual results for the 12 months ended on December 31, 1991 and will be filed with the Commission and the Executive Director of the Public Utilities Staff under proprietary cover no later than June 30, 1992.

9.

In case of disputes between the Company and the staff regarding the operation of the Plan, such disputes will be resolved by the commission as set forth in the Task Force Report dated October 31, 1988.

F.

Historically, basic telephone exchange service provided by the Company has been priced below cost, and such service has been subsidized for many years by revenues generated from other services. The advent of competition in the

telecommunications industry tends to drive rates for various services toward the cost of providing such services. Therefore, it would be inappropriate for any of the proposed \$22,800,000 rate reduction to be applied so as to reduce rates for basic local exchange service, which is already priced below cost.

G.

During the hearings, testimony was presented regarding the unique problems relating to telephone services that are currently faced by DeSoto and Smith County residents. DeSoto County telephone users have a strong community of interest with both Memphis and Collierville, Tennessee. This community of interest includes strong economic ties between the Memphis area and the DeSoto County area. This Commission firmly believes that high toll rates operate as an economic barrier. Removing this economic barrier would effectively make the entire Memphis area a potential customer of DeSoto County, Mississippi. Additionally, it would allow DeSoto County residents increased access to their jobs and businesses in the Memphis area. South Central Bell's Mississippi operations, however, are bounded both by LATA boundaries and state boundaries. This Commission is concerned with the needs of the citizens of DeSoto county and yet recognizes that its jurisdiction over the Company does not allow a complete solution to this problem. To begin to address the problem, the Commission finds that South Central Bell should adjust its ACP rates to provide for reduced rates for calls to Memphis and Collierville, Tennessee. Further, this Commission shall enter into discussions with the Tennessee Public Service Commission, the Company and all other telephone companies providing service in that area, to seek to develop reciprocal calling arrangements from these Tennessee exchanges into Mississippi.

Representatives from Smith County presented arguments which supported the need to reevaluate arrangements for local

calling in the county.

In the interest of being responsive to the expressed needs of Smith County residents, and as a vehicle for gathering data on possible future enhancements for the ACP, the Commission finds that modifications to the ACP for Smith County on a trial basis are desirable. The Company and the Staff should work together to determine such modifications and implementation schedule. Upon the accumulation of sufficient data the staff and the Company shall review the results of the Smith County modification to determine the feasibility and desirability of extending the modifications on a statewide basis.

H.

The evidence presented was sharply conflicting concerning the necessity for and frequency of hearings when changes in rates are to be made under the Plan following the Company's semi-annual reports to the Commission of certain required financial data. Certain Intervenors proposed that hearings be held every time there is any such change in rates under the Plan. The Commission finds that this proposal is wholly unworkable and would defeat the very efficiencies that the Plan is designed to accomplish. Accordingly, the Commission determines that no hearings will be required with respect to changes in rates under the Plan, so long as these changes are within the limits prescribed by Section 77-3-2(h).

I.

The evidence was also conflicting concerning the necessity for hearings before modification can be made to certain schedules found in the Plan. The Plan proposed by the Company provided that services subject to change under the Plan were specified in Schedules 4 and 5 to the Plan. That proposed Plan further provided for periodic reviews by the Commission and the Company respecting any modifications that should be made to those Schedules. In our view, this proposal is unacceptable because it places entirely too much authority

in the hands of the Company and the Staff, without the safeguards of notice to persons who may be affected by such modifications to Schedules 4 and 5 and the opportunity for them to be heard. If any modifications to Schedules 4 or 5 are proposed by the Company or the Staff, an appropriate request to the Commission therefor must be made, and notice will be given to persons potentially affected thereby; and, if appropriate, hearings will be held to determine whether such modifications should be made. Accordingly, the Commission orders the preparation of a Rate Stabilization Plan which incorporates the conclusions in this regard.

III. FINDINGS CONCERNING REDUCTIONS

The \$22.8 Million reduction in rates resulting from the April 26, 1990 Stipulation presents the Commission with a pleasant dilemma; i.e., how to equitably spread the rate reduction to most effectively benefit the ratepayers of Mississippi. Most all of the parties and intervenors urged that the reduction be applied to areas involving their respective interests. This is understandable for they are advocates. However, the Commission's charge is to protect the interests of all parties, intervenors, ratepayers, and the Company. There is no difficulty in determining the areas that deserve consideration for reduction. They are numerous. The funds, however, are finite. With the foregoing in mind, we undertake the task at hand.

Blocking of 900/976 Numbers

The Mississippi Public Service Commission has previously ordered that South Central Bell block 900 and 976 numbers free of charge for residential customers that request blocking. Since that time it has been brought to the Commission's attention, through numerous complaints, that other classes of ratepayers such as churches, schools and businesses, also desire to have 900 and 976 numbers blocked. Commissioner Watson initiated an inquiry into this matter at the hearing