STATE OF MISSOURI PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 21st day of May, 1993.

In	the	matter	of	an	incentive	plan	for	Southwestern)			
Bell Telephone Company.										Case	No.	TO-90-1
)			

ORDER APPROVING INCENTIVE REGULATION PLAN REPORT

On April 15, 1993 Southwestern Bell Telephone Company (SWB) filed its Final Earnings Report for the 1992 monitoring period of the Revised Incentive Regulation Experiment. SWB's report indicates that there are no customer credits due for this period. On May 17, 1993 Commission Staff Counsel informed the Commission by letter that Staff will not challenge SWB's determination that no customer credits are due for 1992 under the incentive plan. Staff does indicate that there are some areas of disagreement concerning individual components of the credit calculation method but that these issues will be addressed in Cases No. TC-93-224 et al. On May 17, 1993 the Office of Public Counsel filed a letter indicating it would not challenge the 1992 Earnings Report even though it disagrees with the accounting method for calculating one-time costs.

The experimental incentive plan approved for SWB provides for credits to customers if SWB's return on equity (ROE) exceeds 14.1 percent. SWB's report indicates that its ROE did not exceed that percentage for 1992 and therefore no credits will be made. Public Counsel and Staff have reviewed the report and state they will not challenge the results. The experimental incentive plan will expire on January 1, 1994. Whether an alternative regulation plan will replace the experimental plan is under consideration in Cases No. TC-93-224 et al.

IT IS THEREFORE ORDERED:

- 1. That Southwestern Bell Telephone Company's Final Earnings Report for 1992 is hereby accepted.
- 2. That no customer credits will be made for the 1992 monitoring period of the experimental incentive regulation plan.
- 3. That the Records Department shall file the letter from Commission Staff Counsel in these case papers.
 - 4. That this order shall become effective on the date hereof.

BY THE COMMISSION

Brent Stewart
Executive Secretary

(SEAL)

Mueller, Chm., McClure and Kincheloe, CC., concur. Crumpton, C., not participating. Perkins, C., absent.