Harris R. Anthony General Counsel - Florida



Southern Bell Telephone and Telegraph Company c/o Marshall Criser III Suite 400 150 South Monroe St. Tallahassee, Florida 32301 Phone (305) 530-5555

January 12, 1994

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

Re: Docket No. 920260-TL

Dear Mr. Tribble:

Enclosed please find an original and twenty copies of Southern Bell Telephone and Telegraph Company's Motion, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely yours,

Harris R. Anthony

Enclosures

co: All Parties of Record

A. M. Lombardo R. Douglas Lackey

DOCUMENT NUMBER - DATE

00407 JAN 12 5

FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE
Docket No. 920260-TL
Docket No. 900960-TL
Docket No. 910163-TL
Docket No. 910727-TL

I HEREBY CERTIFY that a copy of the foregoing has been furnished by United States Mail this  $12^{44}$  day of January, 1994 to:

Robin Norton
Division of Communications
Florida Public Service
Commission
101 East Gaines Street
Tallahassee, FL 32399-0866

Tracy Hatch
Division of Legal Services
Florida Public Svc. Commission
101 East Gaines Street
Tallahassee, FL 32399-0863

Joseph A. McGlothlin Vicki Gordon Kaufman McWhirter, Grandoff & Reeves 315 South Calhoun Street Suite 716 Tallahassee, FL 32301-1838 atty for FIXCA

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Messer, Vickers, Caparello,
Madsen, Lewis & Metz, PA
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Michael W. Tye
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atty for Sprint

Florida Pay Telephone Association, Inc. c/o Mr. Lance C. Norris President Suite 710 315 So. Calhoun St. Tallahassee, FL 32301

Monte Belote Florida Consumer Action Network 4100 W. Kennedy Blvd., #128 Tampa, FL 33609

Donald L. Bell, Esq. 104 East Third Street Tallahassee, FL 32303 Atty for AARP

Gerald B. Curington
Department of Legal Affairs
Room 1603, The Capitol
Tallahassee, FL 32399-1050

Mr. Douglas S. Metcalf Communications Consultants, Inc. 631 S. Orlando Ave., Suite 250 P. O. Box 1148 Winter Park, FL 32790-1148 Mr. Cecil O. Simpson, Jr. General Attorney
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Attys for McCaw Cellular

Angela Green
Division of Legal Services
Florida Public Svc. Commission
101 East Gaines Street
Tallahassee, FL 32399-0863

Stan Greer Division of Communications Florida Public Svc. Commission 101 East Gaines Street Tallahassee, FL 32399-0863

Harris R. anthory

### BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION



In re: Petition on behalf of Citizens of the State of Florida to initiate investigation into integrity of Southern Bell Telephone and Telegraph Company's repair service activities and reports.	) ) ) ) )	Docket	No.	9101	L63-T	'L
In re: Comprehensive Review of the Revenue Requirements and Rate Stabilization Plan of Southern Bell Telephone & Telegraph Company	) ) )	Docket	No.	9202	60-T	L
In re: Investigation into Southern Bell Telephone and Telegraph Company's Non-Contact Sales Practices	) ) )	Docket	No.	9009	60 <b>-</b> T	L
In re: Investigation into Southern Bell Telephone and	)	Docket	No.	9107	27 <b>-</b> T	L
Telegraph Company's Compliance with Rule 25-4.110(2) (Rebates)	) )	Filed:	Janu	ıary	12,	1994

### SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY'S MOTION

COMES NOW BellSouth Telecommunications, Inc., d/b/a Southern Bell Telephone and Telegraph Company ("Southern Bell" or "Company"), pursuant to Rule 25-22.037, Florida Administrative Code, and hereby files its Motion to have the Florida Public Service Commission (the "FPSC") approve the Implementation Agreement for Portions of the Unspecified Rate Reductions in the Stipulation and Agreement Between the Office of Public Counsel and Southern Bell (the "Implementation Agreement"). A copy of the Implementation Agreement is attached hereto as Attachment "A." In support of this Motion, Southern Bell states:

1. Southern Bell and the Office of Public Counsel have previously filed a Joint Motion seeking approval of the Stipulation and Agreement (the "Stipulation").

DOCUMENT NUMBER - DATE

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- 2. The Implementation Agreement, which has been executed by various parties to the above-captioned dockets, implements portions of the revenue reductions described in paragraphs 5 and 6 of the Stipulation and identifies the timetable and procedures by which the application of the remainder of the rate reduction dollars identified in paragraph 10 of the Stipulation should be determined.
- 3. Southern Bell respectfully submits that it would be in the public interest and the interest of the parties to the above-captioned dockets, as well as of the FPSC, for both the Stipulation and the Implementation Agreement to be approved.

WHEREFORE, Southern Bell respectfully requests that the Commission approve both the Stipulation and the Implementation Agreement.

Respectfully submitted,

ATTORNEYS FOR SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

HARRIS R. ANTHONY

c/o Marshall M. Criser III

150 So. Monroe Street

Suite 400

Tallahassee, Florida 32301

(305) 530-5555

R. DOUGLAS LACKEY

NANCY B. WHITE

4300 Southern Bell Center 675 W. Peachtree St., NE Atlanta, Georgia 30375

(404) 529-3862

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition on behalf of Citizens of the State of Florida ) DOCKET NO. 910163-TL to initiate investigation into integrity of Southern Bell Telephone and Telegraph Company's) repair service activities and reports. In re: Comprehensive Review of ) the Revenue Requirements and Rate) DOCKET NO. 920260-TL Stabilization Plan of Southern Bell Telephone & Telegraph Company. In re: Investigation into Southern Bell Telephone and DOCKET NO. 900960-TL Telegraph Company's Non-Contract ) Sales Practices. In re: Investigation into Southern Bell Telephone and DOCKET NO. 910727-TL Telegraph Company's Compliance With Rule 25-4.110(2) (Rebates)

# RATE REDUCTIONS IN STIPULATION AND AGREEMENT BETWEEN THE OFFICE OF PUBLIC COUNSEL AND SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

COME NOW BellSouth Telecommunications, Inc., doing business as Southern Bell Telephone and Telegraph Company ("Southern Bell"), AT&T Communications of the Southern States, Inc. ("AT&T"), MCI Telecommunications Corporation ("MCI"), Sprint Communications Company Limited Partnership ("Sprint"), the Florida Interexchange Carriers Association ("FIXCA"), the Florida Ad Hoc Telecommunications Users' Committee ("Ad Hoc"), the Florida Pay Telephone Association,

Inc. ("FPTA"), the Florida Cable Television Association,
Inc. ("FCTA"), the United States Department of
Defense/Federal Executive Agencies ("DOD"), and McCaw
Cellular Communications of Florida, Inc. ("McCaw")
(hereinafter sometimes collectively referred to as the
"PARTIES") and hereby agree and covenant as follows:

WHEREAS, all of the foregoing PARTIES are currently parties of record to the above-captioned dockets which are pending before the Florida Public Service Commission (the "Commission"); and

WHEREAS, Southern Bell and the Office of Public

Counsel ("OPC") have entered into a Stipulation and

Agreement dated January 5, 1994 (the "Stipulation") for the

purposes of settling the above-captioned dockets; and

WHEREAS, Southern Bell and OPC have filed a Joint Motion dated January 5, 1994 with the Commission seeking Commission approval of the Stipulation; and

WHEREAS, the Stipulation makes provision for certain revenue reductions, but does not specify the services and charges against which such revenue reductions shall apply; and

WHEREAS, the PARTIES hereto believe that it is in the best interest of the Public and the PARTIES to agree as to the implementation of certain portions of the unspecified rate reductions set forth in Paragraph 5 of the Stipulation, the substitution of certain rate reductions set forth in Paragraph 6 of the Stipulation, and the implementation of Paragraph 10 of the Stipulation as set forth herein; and

WHEREAS, the Staff of the Commission has taken the position in its Prehearing Statement in this proceeding that Intrastate Switched Access Charge rates should be reduced to a level that is in parity with Interstate Switched Access Charge rates; and

WHEREAS, the PARTIES are in agreement that it is in the best interest of the Public for the Commission to approve the Stipulation as implemented pursuant to the terms of this Implementation Agreement;

NOW THEREFORE, the PARTIES do hereby agree and covenant as follows:

1. During the years 1994 through 1996 under the terms of the Stipulation, the PARTIES intend to move Southern Bell's intrastate switched access charge rates closer to the cost of providing such switched access services. This goal will be accomplished by Southern Bell proposing and the

Commission approving the following actions with respect to the gross revenue reductions set forth in Paragraph 5 of the Stipulation:

\$50 million of the gross revenue Α. reduction scheduled to be implemented on July 1, 1994 pursuant to Paragraph 5.B. of the Stipulation shall be used to reduce Southern Bell's Intrastate Switched Access Charge The remainder of the \$60 million rates. designated for rate reductions on July 1, 1994, will be disposed of in accordance with the provisions of Paragraph 4 of this Implementation Agreement. However, AT&T, MCI, Sprint, and FIXCA agree that they will make no proposal to the Commission under Paragraph 4 of this Implementation Agreement with respect to the disposition of the remaining \$10 million of 1994 revenues. AT&T, MCI, Sprint, and FIXCA may participate in hearings regarding disposition of the \$10 million, may support or oppose the proposals of other parties, or may make a proposal which does not result in a revenue benefit to them; provided, however, that they shall not seek or support having the remaining \$10 million allocated to a further reduction of

the intrastate rates that the interexchange carriers pay to Southern Bell in 1994 or to any other rate reduction which will benefit them.

- В. \$55 million of the gross revenue reduction scheduled to be implemented on October 1, 1995, pursuant to Paragraph 5.C. of the Stipulation, shall be used to further reduce Southern Bell's Intrastate Switched Access Charge rates. The remainder of the \$80 million designated for rate reductions on October 1, 1995, will be disposed of in accordance with the provisions of Paragraph 4 of this Implementation Agreement. However, AT&T, MCI, Sprint, and FIXCA agree that they will make no recommendation to the Commission under Paragraph 4 of this Implementation Agreement that would require the use of that remainder (\$25 million) to further reduce Intrastate Switched Access Charge rates during 1995 nor support such recommendation by any other party.
- C. On October 1, 1996, Southern Bell will further reduce its Intrastate Switched Access Charge rates to a level that is in parity

with Southern Bell's Interstate Switched Access Charge rates in effect on January 11, 1994. For purposes of this Implementation Agreement, "parity" means that the average price of an intrastate switched access minute is equal to the average price of an interstate switched access minute. PARTIES understand that the amount of such reduction will be approximately \$35 million in annual revenues. The remainder of the \$84 million designated for rate reductions on October 1, 1996 pursuant to Paragraph 5.D. of the Stipulation (approximately \$49 million) will be disposed of in accordance with Paragraphs 3.C. and 4 of this Implementation Agreement. Any interested person shall have the right to make proposals to the Commission under Paragraph 4 of this Implementation Agreement with respect to the disposition of the aforesaid remainder, except with respect to the approximately \$1 million identified in Paragraph 3.C. of this Implementation Agreement. The right of such interested person shall include the right to propose to the Commission, at the appropriate time specified in Paragraph 4 hereunder, that the remaining revenues, or any portion thereof,

should be used for any purpose, including, but not limited to, a further reduction of Southern Bell's Intrastate Switched Access Charge rates below the aforementioned or then-current interstate levels, and closer to the cost of providing said Intrastate Switched Access Services.

- 2. The PARTIES agree that the rate reductions set forth in Paragraph 6 of the Stipulation shall be changed as follows:
  - A. The allocation of \$29.6 million to a reduction in flat rate PBX trunks, Network Access Register (NAR) and hunting charges for business customers shall be changed to a \$29 million reduction for such purposes.
  - B. The allocation of \$4.3 million to a reduction in certain Custom Calling Service rates shall be replaced by a \$4.3 million reduction in Direct Inward Dialing ("DID") rates.
  - C. Ad Hoc and DOD agree that they will make no proposal to the Commission under Paragraph 4 of this Implementation Agreement with

respect to the disposition of the remaining \$10 million of gross revenue reductions referenced in Paragraph 1.A. of this Implementation Agreement which will result in rate reductions that will benefit them. Hoc and DOD may participate in hearings regarding disposition of such \$10 million, may support or oppose the proposals of other parties, or may make a proposal which does not result in a revenue benefit to them; provided, however, that they shall not seek or support having such remaining \$10 million allocated to a further reduction of any rates that would directly result in a reduction of the rates paid by DOD or the members of Ad Hoc.

- 3. Southern Bell will implement the following rate reductions for non-local exchange company pay telephone providers:
  - A. Effective March 1, 1994, the rates paid by non-local exchange company pay telephone providers to Southern Bell will be reduced by \$0.0025 per minute during peak and non-peak calling periods and for both the initial and subsequent minutes of usage. The monies for

this rate reduction are derived from the \$600,000 resulting from the rate adjustment for PBX trunk, Network Access Register and hunting charges for business customers referenced in Paragraph 2.A. of this Implementation Agreement and \$400,000 from funds of Southern Bell which are not part of the Stipulation. This \$400,000 revenue reduction shall not be considered for purposes of the Box as that term is used in Paragraph 17 of the Stipulation.

Effective July 1, 1994, non-local exchange company pay telephone providers will receive all billed number screening and operator line screening services offered by Southern Bell as part of the current fixed access line charge paid by non-local exchange company pay telephone providers to Southern The monies for the elimination of the Bell. charges for these services are derived from funds of Southern Bell which are not a part of the Stipulation. Moreover, the monies for the elimination of the charges for these services shall not be considered for purposes of the Box as that term is used in Paragraph 17 of the Stipulation.

- C. Effective October 1, 1996, the rates paid by non-local exchange company pay telephone providers to Southern Bell will be reduced by \$0.0025 per minute during peak and non-peak calling periods and for both the initial and subsequent minutes of usage. The monies for this rate reduction, approximately \$1 million, are derived from the approximately \$49 million remaining for disposition by the Commission pursuant to Paragraph 5.D. of the Stipulation as implemented by the applicable provisions of this Implementation Agreement.
- D. The FPTA agrees that it will make no proposal to the Commission under Paragraph 4 of this Implementation Agreement with respect to the disposition of the remaining \$10 million of 1994 revenues and the remaining \$25 million of 1995 revenues which would result in rate reductions which benefit non-local exchange company pay telephone providers. The FPTA may participate in hearings regarding the disposition of the \$10 million and the \$25 million, may support or oppose the proposals of other parties, or may make a proposal which does not result in a

revenue benefit to non-local exchange company pay telephone providers; provided, however, that the FPTA shall not seek or support having the remaining \$10 million of 1994 revenues nor the remaining \$25 million of 1995 revenues allocated to a reduction of the rates paid by non-local exchange company pay telephone providers to Southern Bell. FPTA will have the right to make proposals to the Commission under Paragraph 4 of this Implementation Agreement with respect to the disposition of the approximately \$48 million designated for rate reductions on October 1, 1996, including the right to propose to the Commission, at the appropriate time specified in Paragraph 4 hereunder, that the remaining revenues, or any portion thereof, should be used to reduce the rates non-local exchange company pay telephone providers pay to Southern Bell.

4. The PARTIES agree that the Commission shall conduct hearings to determine the rate design by which the amounts not specifically allocated by the Stipulation and this Implementation Agreement shall be disposed of in 1994 (\$10 million), 1995 (\$25 million), and 1996 (approximately \$48 million). To the extent not limited herein, the PARTIES or

any other interested persons shall submit, not less than 120 days prior to the scheduled effective date of each reduction, their proposals as to how such reductions should be implemented. The PARTIES agree to work toward expeditiously scheduling, conducting and concluding such hearings so that the reductions take effect by the scheduled dates. In the event that the scheduled implementation date is delayed, the PARTIES agree that Southern Bell shall return the pro rata portion of the rate reduction in question for the period of such delay to Southern Bell's customers in the manner set forth in Paragraph 10 of the Stipulation.

- 5. The terms and conditions of this Implementation
  Agreement will supersede any contradictory terms and
  conditions originally agreed to by OPC and Southern Bell in
  the Stipulation dated January 5, 1994.
- 6. The PARTIES agree to support before the Commission the adoption of the Stipulation, as implemented by this Implementation Agreement but not otherwise. Any dispute as to the meaning of any portion of this Implementation Agreement shall be addressed to the Commission in the first instance, but each party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Implementation Agreement.

- 7. Any failure by any of the PARTIES to insist upon strict compliance by any other party with any of the provisions of this Implementation Agreement shall not be deemed a waiver of any of the provisions of this Implementation Agreement, and the PARTIES, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Implementation Agreement.
- 8. The PARTIES agree that in the event that the Commission does not adopt this Implementation Agreement in its entirety, the Implementation Agreement shall become null and void and be of no effect, and the PARTIES may thereupon exercise all rights available to them under the Florida Statutes or the Commission's Rules of Practice and Procedure.
- 9. This Implementation Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles.
- 10. The PARTIES acknowledge that this Implementation Agreement is being entered into for the purpose of settlement only and that the PARTIES are entering into this Implementation Agreement to avoid the expense and length of further legal proceedings, taking into account the

uncertainty and risk inherent in any litigation. Neither this Implementation Agreement nor any action taken to reach, effectuate or further this Implementation Agreement may be construed as, or may be used as an admission by or against any party of any fault, wrongdoing or liability whatsoever, nor as an admission concerning any specific issue raised in any of the above-captioned dockets. Entering into this Implementation Agreement or any proceedings related thereto, shall not in any event be construed as, or deemed to be evidence of, an admission or concession by any of the parties, or be a waiver of any applicable claim or defense, otherwise available.

- 11. This Implementation Agreement was executed after arm's length negotiations between and among the PARTIES and reflects the conclusion of the PARTIES that this Implementation Agreement is in the best interests of all the PARTIES as well as the citizens of the State of Florida.
- 12. The PARTIES participated jointly in the drafting of this Implementation Agreement, and therefore the terms of this Implementation Agreement are not intended to be construed against any PARTY by virtue of draftsmanship.
- 13. This Implementation Agreement may be executed in several counterparts, each of which shall constitute an

original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Implementation Agreement has been executed as of the 12th day of January, 1994, by the undersigned counsel of record for the PARTIES hereto and/or by the PARTIES themselves.

BELLSOUTH TELECOMMUNICATIONS, INC. D/B/A SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

Harris R. Anthony, Esq.

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

Michael W. Tye, Esq.

MCI TELECOMMUNICATIONS CORPORATION

Michael J. Henry, Esq.

# SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP

DIMITED PARTNERSHIP
by Chanthina R. Bryant, Esq.
THE FLORIDA INTEREXCHANGE CARRIERS ASSOCIATION
By Villi Hordon Laufman, Esq.
THE FLORIDA AD HOC TELECOMMUNICATIONS USERS' COMMITTEE
By Douglas S. Metcalf
THE FLORIDA PAY TELEPHONE ASSOCIATION, INC.
By Seweth L. Affinant Esq.
THE FLORIDA CABLE TELEVISION ASSOCIATION
By Aung Mun Baura L. Wilson, Esq.

THE UNITED STATES DEPARTMENT OF DEFENSE/FEDERAL EXECUTIVE AGENCIES

Ву						
	Peter	0.	Nvce.	Jr	Esq.	

MCCAW CELLULAR COMMUNICATIONS

OF FLORIDA, ING.

By

Floyd K. Self,

SPRINT COMMUNICATIONS COMPANY LIKITED PARTNERSHIP

Chanthina R. Bryant, Esq.

THE FLORIDA INTERESCHANGE CAMPIERS ASSOCIATION

By Vicki Gordon Kaufman, Esq.

THE FLORIDA AD NOC TELECOMOUNICATIONS CMMITTER

THE PLORIDA PAY TELEPHONE ASSOCIATION, INC.

By Kennath A. Boffman, Esq.

THE FLORIDA CABLE TELEVISION **ASSOCIATION** 

By Laura L. Wilson, Esq.

THE UNITED STATES DEPARTMENT OF DEFENSE/FEDERAL-EXECUTIVE

AGENCIES / FEDERAL EXP

Peter Q. Nyce,

TO

MCCAW CELLULAR COMMUNICATIONS OF FLORIDA, IEC.

By Floyd R. Self, Esq.