

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval,  
pursuant to Section 34(I) of the  
Public Utility Holding Company  
Act of 1935, as amended, of  
inter-affiliate agreement  
between Gulf Power Company and  
Southern Telecom, Inc.

DOCKET NO. 990167-EI  
ORDER NO. PSC-99-1063-PAA-EI  
ISSUED: May 24, 1999

The following Commissioners participated in the disposition of  
this matter:

JOE GARCIA, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
JULIA L. JOHNSON  
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION ORDER GRANTING APPROVAL  
TO AN INTER-AFFILIATE AGREEMENT BETWEEN GULF POWER COMPANY  
AND SOUTHERN TELECOM, INC. PURSUANT TO SECTION 34(I) OF  
THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935, AS AMENDED

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service  
Commission that the action discussed herein is preliminary in  
nature and will become final unless a person whose interests are  
substantially affected files a petition for a formal proceeding,  
pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

The Telecommunications Act of 1996 in part amended the Public  
Utility Holding Company Act of 1935 (PUHCA) to authorize exempt  
telecommunications companies. This enables registered holding  
companies such as Southern Company (Southern), to acquire those  
telecommunications companies. In accordance with revised Section  
34, subpart (I) of PUHCA, a public utility company may enter into  
contracts with a telecommunications company that is an affiliate or  
associate company, only if "...every State commission having  
jurisdiction over the retail rates of such public utility approves  
such contract...". Gulf Power Company (Gulf) is seeking approval

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of a contract with Southern Telecom, Inc. (STI) Both companies are subsidiaries of the Southern, and contracts between these companies are governed by the provisions of Section 34.

Gulf is requesting approval of a contract with STI, a subsidiary of the Southern Company, to provide various communications services. These services will include fiber optic services, which will be joint ventures between STI and other outside parties. STI will not be providing any wireless communication services. The Company's petition states that its ratepayers will not be harmed by this agreement since any services obtained by the Company will be based on the market price for such services. A limitation on such pricing is that the price will be no more than STI's fully distributed costs for the provided services. For these reasons, we find that the contract between Gulf Power Company and Southern Telecom, Inc. should be approved.

This Commission's approval of this contract between Gulf and STI does not indicate specific approval of rates, terms, or conditions associated with the contract. Such matters are properly reserved for review by us within the context of a rate proceeding. The contract is approved subject to this Commission's authority to disallow any of the costs for rate making purposes, including surveillance.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the contract between Gulf Power Company and Southern Telecom, Inc. is approved. It is further

ORDERED by the Florida Public Service Commission that approval of this contract does not indicate specific approval of rates, terms, or conditions associated with the contract. It is further

ORDERED by the Florida Public Service Commission that this Commission shall retain the authority to disallow any of the costs for rate making purposes, including surveillance. It is further

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ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a consummating order, unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission this 24th day of May, 1999.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

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NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 14, 1999.

In the absence of such a petition, this order shall become effective upon the issuance of a consummating order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.