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ORIGINAL
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RECORDS AND
REPORTING

November 13, 1998

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 920260-TL

Dear Ms. Bayo:

Enclosed for filing in the above-references docket are the original and 15 copies of the Joint Motion Seeking Commission Approval of Stipulation.

Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to our office.

Sincerely,

Charles J. Beck
Deputy Public Counsel

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

- ACK _____
- AFA 2 _____
- APP _____ CJB:bsr
- CAF _____ Enclosures
- CMU 1 _____
- GTR _____
- EAG _____
- LEG 1 _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE
12739 NOV 13 98
FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Comprehensive review of)
revenue requirements and rate)
stabilization plan of Southern)
Bell Telephone and Telegraph)
Company)
_____)

Docket No. 920260-TL

Filed: November 13, 1998

**Joint Motion Seeking Commission
Approval of Stipulation**

COMES NOW, The Office of Public Counsel (the "OPC") and BellSouth Telecommunications, Inc. ("BellSouth"), pursuant to Rule 25-22.037, Florida Administrative Code, and hereby files this Joint Motion to have the Florida Public Service Commission (the "FPSC") approve the Stipulation and Agreement between the Office of Public Counsel and BellSouth Telecommunications, Inc. (the "Stipulation and Agreement") and to take all the action specified therein. In support of this Joint Motion, the OPC and BellSouth show the following:

1. Presently pending before the FPSC is the implementation of the provisions of the Stipulation and Agreement between the OPC and BellSouth filed on January 5, 1994 and approved by the Commission in Order No. PSC-94-0172-FOF-TL, issued on February 11, 1994.
2. The issue of BellSouth's return on equity (earnings) for calendar year 1996 and the sharing therefrom remains to be concluded.

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FPSC-RECORDS/REPORTING

3. The OPC and BellSouth believe that it is in the best interest of the ratepayers of BellSouth and the Citizens of Florida to amicably resolve the issue of BellSouth's return on equity/earnings for calendar year 1996 without the expenditure of further time, money, and other resources in litigating this issue before the Commission and the courts.

4. The issue of BellSouth's return on equity (earnings) for calendar year 1997 and the sharing therefrom remains in dispute. The parties, however, have determined that an additional \$32 million sharing for 1997 is appropriate at this time.

5. The OPC and BellSouth believe that it is in the public interest to make the additional \$32 million refund for 1997 sharing at the present time plus interest, rather than waiting for completion of the review of BellSouth's return on equity for calendar year 1997.

6. The OPC and BellSouth have negotiated a settlement of these issues. That settlement is set forth in the Stipulation and Agreement executed by the OPC and BellSouth. A copy of the Stipulation and Agreement is attached hereto as Attachment "A"

7. Because the Stipulation and Agreement is in the best interest of BellSouth's ratepayers, the OPC and BellSouth request that the FPSC expeditiously accept and approve the Stipulation and Agreement as filed.

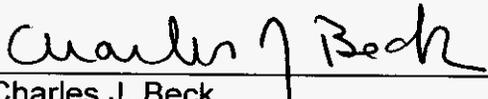
WHEREFORE, the OPC and BellSouth respectfully request that the FPSC grant the relief sought in this Joint Motion.

Respectfully submitted this 13th day of November, 1998.

BELLSOUTH TELECOMMUNICATIONS, INC.

NANCY B. WHITE
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Comprehensive Review of)
the Revenue Requirements and Rate) Docket No. 920260-TL
Stabilization Plan of Southern)
Bell Telephone and Telegraph) Filed: November 10, 1998
Company)
_____)

STIPULATION AND AGREEMENT BETWEEN THE OFFICE OF PUBLIC COUNSEL AND BELL SOUTH TELECOMMUNICATIONS, INC.

COME NOW, the Office of Public Counsel ("Public Counsel") and BellSouth Telecommunications, Inc. ("BellSouth" or "Company") (sometimes hereinafter referred to as the "Parties") and hereby agree and covenant as follows:

WHEREAS, there is presently pending before the Florida Public Service Commission ("FPSC") the implementation of the provisions of the Stipulation and Agreement between the Office of Public Counsel and BellSouth filed on January 5, 1994 and approved by the Commission in Order No. PSC-94-0172-FOF-TL, issued on February 11, 1994; and

WHEREAS, the issue of BellSouth's return on equity (earnings) for calendar year 1996 and the sharing therefrom remains to be concluded; and

WHEREAS, Public Counsel and BellSouth believe that it is in the best interest of the ratepayers of BellSouth and the Citizens of Florida to amicably resolve the issue of BellSouth's return on equity/earnings for calendar year 1996 without the expenditure of further time, money, and other resources in litigating these issues before the Commission and the courts;

Now therefore, the Parties do hereby agree and covenant as follows:

1. The Parties agree that this Stipulation and Agreement is intended to and shall settle all issues with regard to the determination of BellSouth's return on equity and earnings for calendar year 1996, as well as the appropriate amount of sharing therefrom.

2. The Parties agree that the preliminary Surveillance Report for calendar year 1996 resulted in a refund to BellSouth's Florida Subscribers of \$50.1 million, which refund was processed during 1997. This refund was

pursuant to Order No. PSC-97-0632-FOF-TL, issued on May 30, 1997.

3. The Parties agree that the final Surveillance Report for calendar year 1996 shows that BellSouth's earnings before sharing for that period exceeded 13.11% on equity by an additional \$10 million dollars. As a result, BellSouth's Florida subscribers are entitled to receive 60% of the additional earnings above 13.11% on equity, or \$6 million dollars.

4. The Parties propose that these refunds be returned to ratepayers using the same methodology approved by this Commission in Order No. PSC-98-0693-FOF-TL. The Parties propose that the additional 1996 amount of \$6 million dollars plus interest shall be refunded to customers of record as of the end of September, 1998. The Parties propose that refunds shall begin as soon as possible and shall be completed no later than the end of December, 1998.

5. The Parties agree that the preliminary Surveillance Report for calendar year 1997 resulted in a refund to BellSouth's Florida Subscribers of \$123.5 million plus \$3.175 interest, which refund was processed during 1998. This refund was pursuant to Order No. PSC-98-0693-FOF-TL, issued on May 19, 1998.

6. The Parties acknowledge that the issue of BellSouth's level of earnings for calendar 1997 and any sharing therefrom remains in dispute. BellSouth has tentatively completed its true-up of 1997 income taxes and determined that actual income tax is less than the amount previously journalized. Although this is a normal true-up function and will be reviewed by all parties prior to finalization of 1997 sharing, as well as other issues, BellSouth proposes that a preliminary increase of \$32 million sharing for 1997 be refunded to its subscribers at this time, plus interest.

7. The Parties, therefore, believe it is in the public interest to make the additional \$6 million refund for 1996 plus interest as well as an additional \$32 million in 1997 sharing at the present time plus interest, rather than to wait for completion of any review of BellSouth's earning/return on equity for calendar year 1997.

8. The Parties agree that they shall jointly petition the FPSC to approve this Stipulation and Agreement.

9. The Parties agree that in the event the FPSC does not adopt this Stipulation and Agreement in its entirety, this Stipulation and Agreement shall become null and void and be of no effect.

10. The Stipulation and 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.

11. Public Counsel and BellSouth acknowledge that this Stipulation and Agreement is being entered into for the purposes of settlement only and that the Parties are entering into this Stipulation and Agreement to avoid the expense and length of further legal proceedings, taking into account the uncertainty and risk inherent in any litigation.

IN WITNESS WHEREOF, this Stipulation and Agreement has been executed as of the 3rd day of November, 1998, by the undersigned counsel of record for the Parties hereto and/or by the Parties themselves in multiple counterparts, each of which shall be deemed an original.

OFFICE OF PUBLIC COUNSEL

BELLSOUTH
TELECOMMUNICATIONS, INC.

By: 
Jack Shreve
Public Counsel

By: 
Joseph P. Lacher
President - Florida