

Nancy B. White
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December 7, 2001

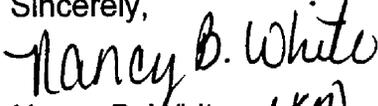
Mrs. Blanca S. Bayó
Director, Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 010097-TL

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth's Proposed Offer of Settlement and Petition for Limited Waiver of Rules 25-4.066(2), 25-4.070(3)(a), and 25-4.070(1)(b), Florida Administrative Code, 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,

Nancy B. White (KA)

cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey

DOCUMENT NUMBER-DATE
15365 DEC-7 01
FPSC-COMMISSION CLERK

**CERTIFICATE OF SERVICE
Docket No. 010097-TL**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

U.S. Mail this 7th day of December, 2001 to the following:

Jason Fudge
Staff Counsel
Florida Public Service
Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Charles J. Beck
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Nancy B. White

Nancy B. White (KA)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause)
proceedings against BellSouth) Docket No. 010097-TL
Telecommunications, Inc. for)
violation of service standards.) Filed: December 7, 2001
_____)

**BELLSOUTH'S PROPOSED OFFER OF SETTLEMENT
AND PETITION FOR LIMITED WAIVER OF
RULES 25-4.066(2), 25-4.070(3)(A), AND
25-4.070(1)(B), FLORIDA ADMINISTRATIVE CODE**

Pursuant to Section 120.57(4) and Section 120.542, Florida Statutes, and Rule 28-104.002, Florida Administrative Code, BellSouth Telecommunications, Inc. ("BellSouth") hereby submits its proposed offer of settlement to resolve the above captioned docket and its petition for a limited waiver of Rules 25-4.066(2), 25-4.070(3)(a), and 25-4.070(1)(b), Florida Administrative Code. Specifically, BellSouth submits the following:

I. Background and Introduction

This docket was initiated on January 24, 2001. Since the initiation of the Docket, BellSouth and the Staff of the Florida Public Service Commission have engaged in discussions for the purpose of resolving this matter. To this end, BellSouth is proposing a settlement in full resolution of the issues before the Commission. The period to which this offer of settlement applies includes the period from 2000 up to and including 2001. The provisions of this offer of settlement are intended to supplement the actions required by the Stipulation and Settlement between the Office of Public Counsel and

BellSouth dated July 9, 2001 and approved by the Commission in Order No. 01-1643-AS-TL, issued on August 13, 2001.

The settlement proposed by BellSouth herein is an effort to effect an informal disposition and complete and binding resolution of any and all matters and issues which might be addressed by the Florida Public Service Commission ("Commission") in this docket regarding the Company's service during the years 2000 through 2001. This Settlement avoids the time, expense and uncertainty associated with adversarial litigation in keeping with the Florida Public Service Commission's long-standing policy and practice of encouraging parties in contested proceedings to settle issues whenever possible.

The proposed Settlement is not intended to eliminate the Commission's statutory authority to establish and monitor compliance with service quality standards. It represents a compromise between possible assessment and payment of penalties and/or fines and a desire to insure that customers receive direct and immediate tangible relief when service does not meet certain objectives.

II. Offer of Settlement

BellSouth proposes the following in complete settlement of this docket:

BellSouth will agree to incur the cost of extending the July 9, 2001 Stipulation and Settlement approved in Docket No. 991378-TL for a third

year (2004). BellSouth will agree to contribute \$150,000 in the third year of the settlement to the Community Service Fund established in the July 9, 2001 Stipulation and Settlement.

BellSouth will agree to make available approximately 8,000 BellSouth Internet accounts per year for three years (beginning in 2002) for Florida K-12 public schools. BellSouth will work directly with the individual school boards in BellSouth's territory to determine how these accounts should be distributed in order to create and to enhance access to information technology where most needed. Priority will be given to schools with ratings of "C" or less on the Board of Education Accountability Report. BellSouth will issue a status report to the Commission on a quarterly basis. BellSouth's commitment will represent additional funding over and above the educational dollars that would normally be budgeted by BellSouth for the State of Florida for the three-year term of this offer.

III. Petition for a Limited Waiver of Rules 25-4.066(2),
25-4.070(3)(a) and (25-4.070(1)(b),
Florida Administrative Code

As a condition of the offer of settlement set forth herein, BellSouth respectfully requests a limited waiver of the applicability of Rules 25-4.066(2), 25-4.070(3)(a), and 25-4.070(1)(b), Florida Administrative Code.

Rule 25-4.066(2), Florida Administrative Code, requires that 90% of all requests for the primary service be satisfied within three working days.

Rule 25-4.070(1), Florida Administrative Code requires the classification of

troubles as “out-of-service” or “service affecting”. Subsection (b) of Rule 25-4.070(1), Florida Administrative Code requires that if the subscriber’s service remains out of service in excess of 24 hours after being reported, an adjustment will be made to the subscriber automatically pursuant to Rule 25-4.110. Rule 25-4.070(3)(a), Florida Administrative Code, requires that 95% of interrupted service be cleared within 24 hours of report in each exchange.

Pursuant to Section 120.542, Florida Statutes, BellSouth submits that the extension of the Service Guarantee Plan and the offering of BellSouth Internet accounts satisfies the requirement that a demonstration be made that the purpose of the underlying statute will be achieved by other means. By providing direct credits to customers whose service is affected by delayed installation or repair, and by BellSouth’s commitment to public education, the purpose of the underlying statutes are achieved. Provisions of Florida Statutes authorizing or directing the Commission to establish, monitor and enforce service standards, such as Section 364.01(4), 364.025, Florida Statutes (1999) (carrier of last resort obligations, service availability) will be adequately met if the basic service subscriber receives a direct and material credit for being without basic service.

The Service Guarantee Plan meets the quality of service provisions of Chapter 364 by giving immediate and direct compensation to customers and provides similarly swift penalties to BellSouth for not meeting objectives that are consistent with the existing Commission service rules. In addition,

application of the above rules to BellSouth at the same time direct credits are being made or accrued would constitute unfairness or economic hardship by imposing duplicate penalties. For this reason, BellSouth requests a waiver so that the Service Guarantee Plan can be implemented. It is further the intent of BellSouth that the waiver will be effective as to any amendments to the subject rules for the duration of the Plan. BellSouth would continue to track and report its performance under the existing service rules, however, no punitive action would be taken against BellSouth during this interim period for misses under these rules.

The Petition of BellSouth meets the standards of Section 120.542, Florida Statutes. The purpose of the underlying statutes, 364.01(4), 364.025, 364.15, 364.183 and 364.19, is, in part, to promote competition, to protect the public health, safety and welfare, and ensure service availability. The temporary waiver will not undermine these purposes. BellSouth will continue to strive to meet the repair, installation, and answer time rules. BellSouth will continue to track and report its progress to the Commission. The purposes of the underlying statutes will be achieved. The increase in the out-of-service adjustment will provide the subscribers with a direct and material credit for being without basic local residential service.

IV. Miscellaneous Matters

This offer of Settlement is contingent upon the Florida Public Service Commission's acceptance of the provisions herein, which acceptance shall

include explicit recognition by the Florida Public Service Commission that all such matters are resolved by this Stipulation and Settlement.

This offer of Settlement is also contingent upon approval in its entirety by the Florida Public Service Commission. This Stipulation and Settlement will resolve all matters in this docket pursuant to and in accordance with Section 120.57(4), Florida Statutes (1999). This docket will be closed effective on the date the Florida Public Service Commission order approving this Settlement is final. If this Settlement is not accepted and approved without modification by an order not subject to further proceedings or judicial review, then this Settlement shall be considered null and void and of no further force or effect.

In the event that the Commission does not accept this document in its entirety pursuant to its terms, this document shall not be admissible in any hearing on the matters established by this docket, or in any other docket or forum. Moreover, BellSouth does not waive any position on any issue that it could have otherwise asserted in this or any other docket as if this document had never been developed and written.

The Commission may terminate this agreement at any time for any reason. The company will be liable for credits to customers and community service credits, as contemplated by the agreement, until the date of such termination. Upon termination, the company will no longer be liable for such credits and will instead be subject to Commission Rules 25-4.066(2), 25-

4.070(3)(a) and, 25-4.070(1)(b), Florida Administrative Code. The company will only be subject to sanction for violations of said rules that may occur after termination of the agreement.

V. Conclusion

BellSouth is committed to providing high quality service to our customers, and with this plan, our customers will receive immediate compensation if we do not meet our commitments. BellSouth has recently adopted a set of guiding principles of service referred to as "The Customer Rules". This clearly states what we must do to meet our customers' expectations with a shared focus and standards that should govern every contact we have with every customer. This includes: Taking Ownership- Showing We Care, Being Responsive and Delivery, Doing It Right (first time, every time), Making it Seamless, and Meeting Our Commitments. Two initiatives that have been developed under Meeting Our Commitments are 1) Establishing a regional practice and guidelines for service technician use of a cell phone to call ahead before going to an appointment and 2) instituting a regionally consistent practice for contacting customers before we miss an appointment and measuring performance on missed commitments. We endeavor to stay ahead of the curve on these initiatives in Florida. BellSouth recently received the JD Power Award for service to small business and was named number one for consumer service by the Yankee Group.

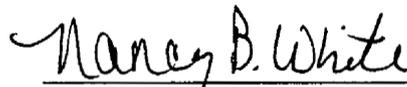
In conclusion, BellSouth believes that this settlement will give direct benefit to our customers and to the communities that BellSouth serves. We realize that the local telecommunications market is becoming more competitive, and that good service plays an important part in retaining and maintaining customers. If we do not perform as we say, then we pay the customer and/or the customer chooses another provider.

BellSouth appreciates the assistance staff has given to developing this proposal.

Wherefore, BellSouth respectfully requests that the Commission accept BellSouth's offer of Settlement and Grant BellSouth's Petition for Limited Waiver.

Respectfully submitted this 7th day of December, 2001

BELLSOUTH TELECOMMUNICATIONS, INC.



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