

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Comprehensive review of ) DOCKET NO. 920260-TL  
the revenue requirements and ) ORDER NO. PSC-95-0562-FOF-TL  
rate stabilization plan of ) ISSUED: May 8, 1995  
Southern Bell Telephone and )  
Telegraph Company. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING PROPOSAL AND REQUIRING REFUND

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.

Order No PSC-94-0172-FOF-TL, issued February 11, 1994 in this docket, requires that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company's (hereinafter Southern Bell or the Company) 1994 earnings in excess of 12% return on equity (ROE) be shared with subscribers. The earnings in excess of 12% ROE are to be shared as follows: 60% refunded to the customers with the balance retained by Southern Bell. Southern Bell reports that it earned a 13.47% ROE before sharing for the 12 month period ending December 31, 1994. A 13.47% ROE equates to \$50.75 million in earnings above the sharing point of 12% ROE. This amount is subject to audit and true-up. Sixty percent of \$50.75 million, or \$30.45 million, is the amount that should be refunded to Southern Bell's subscribers at this time.

On March 15, 1995 Southern Bell filed a proposal to refund \$30.45 million to subscribers due to earnings before sharing in excess of Southern Bell's sharing point of 12% on equity. The \$30.45 million in earnings above the sharing point is based on

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Southern Bell's surveillance report for the 12 months ending December 31, 1994.

Southern Bell proposed that these funds be returned to ratepayers using the same methodology approved by this Commission in Order No 25367, issued on November 20, 1991, in Docket No 880069-TL. We believe that this is appropriate. Therefore, we find that Southern Bell's proposal to refund earnings in excess of the sharing point of 12% on equity in the amount of \$30.45 million should be approved. The 1994 amount of \$30.45 million shall be refunded to customers of record as of March 31, 1995. Refunds shall be made based on access lines, pro rata according to rate levels. ESSX customers should receive refunds based on applicable Network Access Register rates.

The refund to an R-1 customer in the highest rate group will be approximately \$4.12; for a B-1 customer it will be approximately \$11.27. Subscribers who pay usage rates plus some percentage of the equivalent flat rate should receive refunds based on either the applicable flat rate surrogate if there is one, or, if no tariffed flat rate surrogate exists, the full equivalent flat rate. This is equitable since most usage rate subscribers pay more for local service than the flat rate subscribers to the same service. Thus, they should receive refunds that are at least equivalent to those based on flat rates.

In addition, Rule 25-4.114, F.A.C., requires the following:

- a. Refunds must be made within 90 days of the final order.
- b. Motions for reconsideration do not delay refunds unless a stay is requested and granted.
- c. The Company must file refund reports.

In the final report submitted after the refunds are made pursuant to Rule 25-4.114, F.A.C., Southern Bell shall include documentation (in the form of a priceout) showing the calculations for the actual refund amounts per line.

Refunds shall be distributed during the May, 1995 billing cycles.

Southern Bell's proposal indicates that while the surveillance report shows the amount of refund based on the best information that is currently available, certain tax and other information (such as out-of-period adjustments) related to the 1994 calendar year may result in a change to the refund amount. Also, there may be audit adjustments or adjustments proposed by other parties that would result in the sharing amount being adjusted. Based on these

potential changes, the refund amount may turn out to be too much or too little.

Southern Bell proposes that if there is sharing for 1995 that the amount shared for 1995 be increased or decreased based on the final 1994 results, once all of the appropriate data is available. If there is no sharing for 1995 then the Company proposes two alternatives. If the 1994 sharing amount is reduced as a result of the adjustments below \$30.45 million, then the Company proposes to treat the difference as an exogenous item in 1995. On the other hand, if the 1994 sharing amount is increased as a result of the adjustments, then the Company would either make another refund to its subscribers or, if the amount is too small to make a refund practical, will petition the Commission for instructions as to how to treat the additional funds. We believe that Southern Bell's proposal for final disposition of adjustments to the sharing amount for 1994 is reasonable. Therefore, we find that Southern Bell's proposal on the treatment of any adjustment to the 1994 sharing amount shall be approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Southern Bell's proposal to refund earnings in excess of the sharing point of 12% on equity in the amount of \$30.45 million should be approved. It is further

ORDERED that the 1994 amount of \$30.45 million shall be refunded to customers of record as of March 31, 1995. It is further

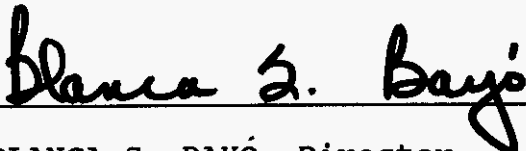
ORDERED that the refunds shall be distributed during the May, 1995 billing cycles. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

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

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By ORDER of the Florida Public Service Commission, this 8th  
day of May, 1995.



BLANCA S. BAYÓ, Director  
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 30, 1995.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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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.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.