

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into 1987 earnings) DOCKET NO. 871401-TL
of SOUTHERN BELL TELEPHONE AND TELEGRAPH) ORDER NO. 23085
COMPANY.) ISSUED: 6-15-90
_____)

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
THOMAS M. BEARD
BETTY EASLEY
GERALD L. GUNTER

ORDER APPROVING STIPULATION

BY THE COMMISSION:

On December 16, 1986, Southern Bell Telephone and Telegraph (Southern Bell), Public Counsel and AT&T Communications of the Southern States, Inc. entered into a stipulation resolving the level of earnings of Southern Bell in light of the Tax Reform Act of 1986 and the then current cost of equity in the capital markets. The Commission approved this stipulation in Order No. 17040, issued December 31, 1986. That Order requires Southern Bell, in part, to refund any earnings in excess of a 15% on equity per its regulated books for 1987. This refund was to be provided as a credit to all business and residential one-party subscribers during 1988. Order No. 18738 issued January 26, 1988, directed Southern Bell to file a refund plan based on the December 1987 Surveillance Report by March 31, 1988.

Based on an audit of Southern Bell's December 1987 Surveillance Report, Southern Bell, and Public Counsel agreed that \$21,065,153 was the minimum amount that should be refunded. Order No. 19706, issued July 22, 1988, directed Southern Bell to refund this amount to all business and residential single and multi-line customers of record as of June 30, 1988.

On May 22, 1990, Southern Bell and Public Counsel submitted a stipulation resolving the outstanding issues in this docket. A copy of the Stipulation is attached to this Order as Appendix A. The Stipulation provides for a final refund of 1987 earnings of \$11,800,000 plus interest of approximately \$3,246,000. The Stipulation provides that the

DOCUMENT NUMBER-DATE

05322 JUN 15 1990

FSC-RECORDS/REPORTING

ORDER NO. 23085
DOCKET NO. 871401-TL
PAGE 2

refund will resolve all issues in this docket. The stipulation also provides that Southern Bell will make the refund as a credit to residential, single-line business and multi-line business customers of record as of May 15, 1990, in the same proportion as the various local exchange rates bear to each other.

Based on the information before us it appears the proposed refund amount is reasonable. There is no reason to believe that further proceedings will necessarily result in a greater refund to subscribers. Accordingly, we find it appropriate to approve the stipulation. In order to monitor final resolution of the stipulation, Southern Bell shall file a report detailing the date the refund was made, the calculation of the interest and the actual amounts refunded. Upon submission and review of the report by our Staff for consistency with this Order, this docket may be closed.

Based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that the stipulation entered into between the Office of Public Counsel and Southern Bell Telephone and Telegraph Company is approved as set forth in the body of this Order. It is further

ORDERED that Southern Bell Telephone and Telegraph shall refund \$11,800,000 plus interest calculated pursuant to Rule 25-4.114(4), Florida Administrative Code, to all subscribers of record as of May 15, 1990 as set forth in the body of this Order. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall file a report of the amount actually refunded as set forth in the body of this Order.

By ORDER of the Florida Public Service Commission,
this 15th day of JUNE, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

TH/JKA

012

ORDER NO. 23085
DOCKET NO. 871401-TL
PAGE 3

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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer 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 after the issuance 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.

ORDER NO. 23085
DOCKET NO. 871401-TL
PAGE 4

APPENDIX A

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into 1987)
Earnings of Southern Bell) Docket No. 871401-TL
Telephone and Telegraph Company)

)

STIPULATION

This Stipulation is entered into among Southern Bell Telephone and Telegraph Company ("Southern Bell") and the Office of Public Counsel ("Public Counsel"). In order to resolve all issues in this docket, to avoid unnecessary litigation and the expense and uncertainties related thereto, the parties do hereby stipulate and agree with and among each other as follows:

1) By Order No. 17040, issued December 12, 1986, the Commission approved a stipulation between Southern Bell, AT&T Communications of the Southern States, Inc. and Public Counsel which required Southern Bell to refund to its subscribers all earnings in excess of 15% on equity based on its regulated books for 1987;

2) Southern Bell's 1987 earnings per its regulated books did exceed 15% on equity and by Order No. 19706, issued July 22, 1988, the Commission found that \$21,065,153 was the minimum amount to be refunded by Southern Bell. In its Order the Commission also recognized that Public Counsel was continuing to investigate Southern Bell's 1987 earnings and that the above-referenced refund would not foreclose Public Counsel from seeking an additional refund;

DOCUMENT NUMBER-DATE

04474 MAY 22 1990

FPSC-RECORDS/REPORTING

3) Subsequent to the issuance of Commission Order No. 19706, both Public Counsel and the Commission Staff continued to examine Southern Bell's 1987 earnings. This examination revealed several areas requiring adjustments or "true-ups." These adjustments resulted in both increases and decreases in earnings; however, the overall impact of these adjustments was a net increase in Southern Bell's 1987 earnings in the amount of \$11.8 million;

4) Although it is possible that further examination would produce slightly different results, any accuracy gains resulting from further examination would be outweighed by the time and expense incurred by all the parties in conducting such an examination and the delay that Southern Bell's subscribers would experience in receiving a refund;

5) Southern Bell will refund the amount of \$11.8 million plus interest pursuant to Commission Rule 25-4.114(4), pro rata to all residential and business single and multi-line customers of record as of May 15, 1990;

6) This Stipulation is the result of compromise negotiations. It shall have no precedential value and does not represent any party's waiver of any right or position it may have on any issue in any other docket which is now, or may at some time in the future be, pending before the Commission;

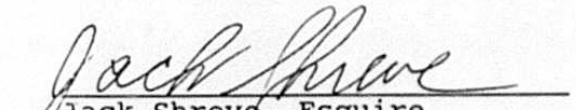
7) This Stipulation represents a full and complete resolution of all issues involved in this docket and upon the approval of this Stipulation by the Commission this docket should be closed;

8) If this Stipulation is not accepted in its entirety and without qualification by the Commission, it shall be null, void and of no further binding effect upon any party.

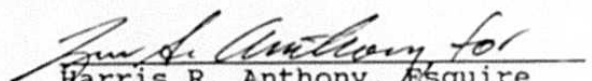
ORDER NO. 23085
DOCKET NO. 871401-TL
PAGE 6

In witness whereof, this Stipulation is entered into this

27th day of May, 1990.



Jack Shreve, Esquire
Public Counsel
Office of Public Counsel
624 Fuller Warren Building
202 Blount Street
Tallahassee, Florida 32301



Harris R. Anthony, Esquire
General Attorney-Florida
Suite 1910
150 West Flagler Street
Miami, Florida 33130

ORDER NO. 23085
DOCKET NO. 871401-TL
PAGE 7

CERTIFICATE OF SERVICE
Docket No. 871401-TL

I HEREBY CERTIFY that a correct copy of the foregoing has been furnished by mail or hand delivery to the following parties this 22nd day of May, 1990.

Harris R. Anthony
Southern Bell Telephone and
Telegraph Company
Suite 1910
150 W. Flager St.
Miami, FL 33130

Tracy Hatch
Division of Legal Services
Fla. Public Service Commission
101 East Gaines Street
Tallahassee, FL 32301

Michael Tye
AT&T Communications
315 South Calhoun St.
Suite 860
Tallahassee, FL 32301

Charles J. Beck

Charles J. Beck
Assistant Public Counsel