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ORIGINAL
FILE COPY

December 6, 1993

Mr. Steve C. Tribble
Director, Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

RE: Docket No. 920260-TL

Dear Mr. Tribble:

Enclosed are an original and fifteen copies of Southern Bell Telephone and Telegraph Company's Prehearing Statement. Please file these documents 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 on the parties shown on the attached Certificate of Service.

Sincerely,

Nancy B. White
Nancy B. White (BW)

- ACK
- AFA 3
- APP _____
- CAF _____
- CMU
- CTR _____
- EAG _____
- LEG 1
- LIN 6
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

Enclosures

cc: All Parties of Record
A. M. Lombardo
H. R. Anthony
R. D. Lackey

RECEIVED & FILED

EPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

12988 DEC-6 93

FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

Docket No. 920260-TL

Docket No. 900960-TL

Docket No. 910163-TL

Docket No. 910727-TL

I HEREBY CERTIFY that a copy of the foregoing has been furnished by United States Mail this 6th day of December, 1993 to:

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Nancy B. White (pp)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Comprehensive Review of)
the Revenue Requirements and Rate) Docket No. 920260-TL
Stabilization Plan of Southern)
Bell Telephone and Telegraph) Filed: December 6, 1993
Company)
_____)

PREHEARING STATEMENT OF
BELLSOUTH TELECOMMUNICATIONS, INC.

COMES NOW BellSouth Telecommunications, Inc., d/b/a Southern Bell Telephone and Telegraph Company, ("Company" or "Southern Bell") and in compliance with Order No. PSC-93-0644-PCO-TL, issued April 23, 1993, herewith submits its Prehearing Statement.

A. WITNESSES

Southern Bell proposes to call the following witnesses to offer testimony on the matters indicated below:

<u>Witnesses</u>	<u>Subject/Issues</u>
Joseph A. Lacher (Direct)	Mr. Lacher will testify regarding Issues 39, 201, 204, 205, 206, 301, 303, 304, 305, 306, 307, 309, 310, 401, 402, 403, and 404.
Walter S. Reid (Direct)	Mr. Reid will testify regarding Issues 1, 2-8, 11-12, 14-14d, 15-15w, 16, 17e, 17h, 17j, 17l, 17o, 18-22 and 24-24d.
Nancy H. Sims (Direct)	Ms. Sims will testify regarding Issues 27-38b.
William B. Keck (Direct)	Mr. Keck will testify regarding Issues 10 and 13.
Wayne Tubaugh (Direct)	Mr. Tubaugh will testify regarding Issues 39, 39a, and 304.
Randall S. Billingsley (Direct)	Dr. Billingsley will testify regarding Issue 9.
John D. McClellan (Direct)	Mr. McClellan will testify regarding Issue 23.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

David B. Denton
(Direct)

Mr. Denton will testify regarding
Issues 25a-26.

Robin Madden
(Direct)

Ms. Madden will testify regarding
Issues 201-206.

April D. Ivy
(Direct)

Ms. Ivy will testify regarding
Issues 301 and 305.

Southern Bell's rebuttal testimony is not due to be filed until December 10, 1993. In addition, the Staff has not yet filed all of its direct testimony. Southern Bell therefore reserves the right to amend this Prehearing Statement once all the testimony is filed. In addition, because not all of the testimony is complete, it may be necessary for Southern Bell to change or alter its position on some of the issues after its analysis is final.

Southern Bell further reserves the right to call additional rebuttal witnesses, witnesses to respond to Commission inquiries not addressed in direct testimony and witnesses to address issues not presently designated which may be designated by the Prehearing Officer at the prehearing conferences to be held on December 20, 1993 and January 6, 1994.

B. EXHIBITS

<u>Witness</u>	<u>Document Indicator</u>	<u>Title of Exhibit</u>
Joseph P. Lacher	JPL-	None at this time.
Walter S. Reid	(DIRECT) WSR-1	Cost of Service Trend
	WSR-2	Adjusted Intrastate Amounts
	WSR-3	Incentive Sharing Plan

	WSR-4	(Appendix 1) Florida Public Service Commission Telephone Earnings Surveillance Reports
Nancy H. Sims	(DIRECT) NHS-1	Expanded Local Service Rate Center to Rate Center Mileage Illustration
	NHS-2	Florida Illustrative General Subscriber Services Tariff
	NHS-3	Impact of Southern Bell's Proposal on Existing Optional EAS Plans and Local Exceptions for Optional Measured Service Plans
	NHS-4	Present and Proposed Rates and Revenue - FX and Foreign Company Service
	NHS-5	Switched Access Rate Comparison (FGD)
	NHS-6	Service Connection Charges - Price Out of Proposed Rates Changes Annualized for 1993 Restructure Proposal
	NHS-7	Present and Proposed Rates and Revenues - Miscellaneous Service Arrangements
William B. Keck	(DIRECT) WBK-1	Average Capital Structure
	WBK-2	Cost Rate for Long- Term Debt

	WBK-3	Average Cost Rate for Short-Term Debt
	WBK-4	Overall Cost of Capital
Wayne Tubaugh	(DIRECT) AWT-1	Telsam Residence and Business - Southern Bell 1988-1991
	AWT-2	Total Received Cases 1989-1992
Randall S. Billingsley	(DIRECT) RSB-1	Discounted Cash Flow Analysis for Comparable Firm Group
	RSB-2	Expected Market Risk Premium
	RSB-3	(Appendix A) Witness Vita
	RSB-4	(Appendix B) Comparable Firm Identification Criteria and Methodology
	RSB-5	(Appendix C) Estimation of the Cost of Equity Capital Using the Expected Market Risk Premium Approach
John D. McClellan	(DIRECT) JDM-1	Florida Attrition Analysis - Revenue Impact of Attrition
	JDM-2	Florida Attrition Analysis - Analysis Data 1989-1991
	JDM-3	Florida Attrition Analysis - Trend Line Data

	JDM-4	Florida Attrition Analysis - Capital Cost Data
	JDM-5	Florida Attrition Analysis - Capital and Investment Data
	JDM-6	Florida Attrition Analysis - Depreciation Expenses
	JDM-7	Florida Attrition Analysis - Incremental Changes 1994 over 1993
	JDM-8	Florida Attrition Analysis - Summary of Components
	JDM-9	(Appendix A) Credentials
David B. Denton	(DIRECT) DBD-1	Personal Qualifications
Robin Madden	(DIRECT) RM-	None at this time
April D. Ivy	(DIRECT) ADI-	None at this time

C. STATEMENT OF BASIC POSITION

In adopting Southern Bell's Rate Stabilization Plan in 1988, the Florida Public Service Commission provided Southern Bell with enhanced incentives to operate with greater efficiency and creativity. This Commission created a framework for the sharing of earnings between Southern Bell and its subscribers in those instances in which greater efficiency resulted in greater Company earnings. The plan has helped to eliminate the economic

disincentives inherent in traditional rate of return regulations, encouraged efficient performance by Southern Bell, and created additional incentive for Southern Bell to reduce costs and introduce new services.

Southern Bell is proposing that the Commission continue with the current form of regulation. The reasons for which the Commission approved the current incentive sharing plan are even more applicable today than they were in 1988. The telecommunications environment continues to change and competition continues to accelerate. In 1988, the Commission recognized the fundamental changes in the industry and allowed the Company to transition itself for these changes. In 1993, technology, strategic alliances and policy decisions have combined to solidify the Company's continuing requirements for earnings and pricing flexibility.

This proceeding also constitutes what historically would have been termed a general rate proceeding. Every aspect of the Company's operations has been available for review. Southern Bell's testimony demonstrates that its activities during the test year have been proper and that its rates are just and reasonable. Southern Bell's witnesses have demonstrated that Southern Bell's actual cost of equity is well above the Commission's last ratesetting point of 13.2% and that no rate reductions, other than those necessary to implement past Commission orders and Southern Bell's proposed reductions, are necessary or appropriate.

In addition, this proceeding also involves three investigative dockets (Docket No. 900960-TL, Docket No. 910163-TL, and Docket No. 910727-TL) concerning allegations improper conduct of certain of Southern Bell's employees regarding Southern Bell's trouble reporting and rebate process, as well as its non-contact sales program. Southern Bell itself discovered the improper conduct involved in these dockets. The Company fully investigated these matters, the customers affected were identified and fully compensated, and the appropriate legal authorities were notified. Where necessary, Southern Bell's procedures, practices, and systems were strengthened in order to ensure the quality and accuracy of the trouble reporting and rebate processes. As of July 1991, Southern Bell discontinued all non-contact sales programs. Further, an ethics education program has been implemented for all Southern Bell. All of these actions by Southern Bell will prevent the recurrence of these problems.

Importantly, while some parties may attempt to relate the alleged misconduct to the advent of Southern Bell's incentive regulation plan, the evidence is clear that the two matters are wholly unrelated. Indeed, it was the heightened focus on the customer caused by the incentive regulation plan that disclosed the problems identified in the investigation dockets. Nothing in those dockets should deter the Commission from continuing the regulatory progress that it initiated in 1988.

D. SOUTHERN BELL'S POSITION ON THE ISSUES

General Issues

Issue 1: Is the test year ended December 31, 1993 an appropriate test year?

Position: Yes. The test year ended December 31, 1993, properly adjusted, is the most appropriate test year for this proceeding because it represents the most current and reliable financial data available.

Rate Base

Plant in Service

Issue 2: What is the appropriate amount of plant in service for the test year?

Position: The appropriate amount of plant in service for the test year is \$7,049,650,000 as shown on updated MFR Schedule A-2a dated October 1, 1993.

Issue 2(a): What adjustment, if any, should be made to plant in service, depreciation reserve and expense to account for plant investments shown on the Southern Bell Continuing Property Record System (CPR) for Circuit Other Account that does not represent physical plant in service?

Position: No adjustment is required or appropriate inasmuch as no specific problems have been identified regarding the Company's CPR records.

Issue 2(b): Is Southern Bell's investment in its interLATA internal company network prudent, reasonable and necessary to

enable it to provide service to ratepayers? If not, what action should the Commission take?

Position: Yes. Southern Bell's investment is prudent, reasonable and necessary. No action need be taken by the Commission.

Depreciation Reserve

Issue 3: What is the appropriate amount of depreciation reserve for the test year?

Position: The appropriate amount of depreciation reserve for the test year is \$3,044,033,000 as shown on updated MFR Schedule A-2a dated October 1, 1993.

Plant Under Construction

Issue 4: What is the appropriate amount of construction work in progress for the test year?

Position: The appropriate amount of construction work in progress for the test year is \$34,223,000 as shown on updated MFR Schedule A-2a dated October 1, 1993.

Property Held for Future Use

Issue 5: What is the appropriate amount of property held for future use for the test year?

Position: The appropriate amount of property held for future use for the test year is \$179,000 as shown on updated MFR Schedule A-2a dated October 1, 1993.

Working Capital

Issue 6: What is the appropriate amount of working capital allowance for the test year?

Position: The appropriate amount of working capital for the test year is \$5,381,000 as shown on updated MFR Schedule A-2a dated October 1, 1993.

Issue 6(a): Should the Company be allowed to include the unamortized portion of deferred Hurricane Andrew expenses in working capital?

Position: Yes. The inclusion of the unamortized portion of deferred Hurricane Andrew expenses in rate base is necessary in order for the Company to be given the opportunity to recover its costs associated with catastrophic events such as this.

Issue 6(b): Should the Company be allowed to include the balance of deferred compensation absences in working capital?

Position: Yes. The inclusion of deferred compensated absences in the working capital calculation is necessary to properly identify the Company's cash working capital, in accordance with the balance sheet approach as prescribed by the Florida Public Service Commission.

Issue 6(c): Should accrued dividends be added back in the computation of the working capital computation?

Position: Accrued dividends have been properly excluded from cost-free liabilities in the computation of working capital and have been properly included in the capital structure because they are part of capital until paid. This treatment is in accordance with the Commission's policy on this issue.

Issue 7: Should the unfunded FAS 106 liability reduce rate base?

Position: Yes. The liability or asset created by the difference between the funded amount and the expense amount associated with SFAS 106 should be included in the calculation of the working capital component of rate base.

Issue 8: What is the appropriate amount of rate base for the test year?

Position: The appropriate adjusted rate base for the test year is \$4,045,430,000 as shown on Company Witness Reid's Exhibit WSR-2 filed October 1, 1993.

Cost of Capital

Issue 9: What is the appropriate cost of common equity capital for Southern Bell?

Position: The appropriate point estimate for the cost of common equity capital for Southern Bell is in the range of 13.9% to 14.18% with a mid-point of 14.0%.

Issue 10: Is Southern Bell's proposed test year equity ratio prudent and reasonable? If not, how should this be treated?

Position: The Company's proposed test year equity ratio, which is based on the actual average Company capital structure, is prudent and reasonable and should be adopted.

Issue 11: Is Southern Bell's balance of accumulated deferred investment tax credits, prior to reconciliation to rate base, appropriate?

Issue 14(c): Should an adjustment be made to intrastate revenues for the test period to recognize adjustments to IXC's percentage interstate usage (PIU)?

Position: No. The test year operating revenues represent reasonable forecasted amounts for 1993 and actual monthly amounts are closely tracking the forecast.

Issue 14(d): What is the appropriate amount of directory advertising revenue that should be included in the test period?

Position: The appropriate amount of directory advertising revenues for the test year is \$226,727,678 as shown on MFR Schedule C-27, dated July 2, 1993.

Issue 14(e): In the event that the Commission changes the current regulatory practice regarding the inside wire operation, how should that change be treated for ratemaking purposes?

Position: This issue was added by Order No. PSC-93-1726-PCO-TL dated December 1, 1993. Southern Bell is considering its position on this issue and reserves the right to amend its Prehearing Statement.

Operation & Maintenance Expense

Issue 15: What is the appropriate amount of O&M expense for the test year?

Position: The appropriate amount of O&M expense for the test year is \$1,236,683,000 as shown on MFR Schedule C-1b filed on October 1, 1993.

Issue 15(a): Are the allocations to non-regulated operations reasonable?

Position: Yes.

Issue 15(b): What adjustment, if any, should be made for expenses for USTA and FTA dues?

Position: USTA and FTA dues are included in the test year expenses as prudent and reasonable business costs. No adjustment should be made to the test year amounts.

Issue 15(c): Is the amount of lobbying and other political expenses included in the Company's intrastate operating expenses appropriate for ratemaking purposes?

Position: Yes.

Issue 15(d): Is the amount of advertising and public relations expenses included in the Company's intrastate operating expenses appropriate for ratemaking purposes?

Position: Yes.

Issue 15(e): Does the level of legal, injury, and damage claims expense represent a reasonable and necessary ongoing level?

Position: Yes.

Issue 15(f): What is the appropriate treatment of the Company's promotional expenses, sponsorships, and charitable contributions and other miscellaneous expenses?

Position: The Company has excluded its promotional expenses, sponsorships, and charitable contributions from the test year cost of service. No further adjustment to test year cost of service is necessary.

Issue 15(g): Are the test year expenses for software reasonable?

Position: Yes.

Issue 15(h): In the event that the Commission requires a different accounting practice for software additions than is currently employed by Southern Bell, how should that change be treated for ratemaking purposes?

Position: Southern Bell's accounting procedures for software additions are appropriate and are in compliance with Part 32 rules as adopted by the Florida Public Service Commission, with Generally Accepted Accounting Principles (GAAP), and with the Uniform System of Accounts. Test year data reflect this accounting treatment, which is appropriate for ratemaking purposes.

Issue 15(i): How should the Commission treat the Company's incentive compensation/bonus plan payments?

Position: Southern Bell's incentive compensation/bonus plan payments are part of the Company's overall compensation plan which fairly pays its employees for services performed. The Commission should allow the expense for these plans as reflected in test year cost of service amounts.

Issue 15(j): Should the Commission allow the Company to establish a casualty damage reserve? If so, what is the appropriate amount of annual expense?

Position: Yes. The appropriate amount of annual expense for establishing a casualty damage reserve is \$6,000,000 beginning with the calendar year 1994.

Issue 15(k): What is the appropriate expense adjustment of Hurricane Andrew, if any, in the test period?

Position: The Company has deferred the 1992 and 1993 expense impact of Hurricane Andrew and reflected one-fifth of the total in the test year based on the Commission's policy regarding casualty damages. The amortization amount included in the test year is \$21,796,036 and this is the appropriate amount for use as test year expense of Hurricane Andrew in this proceeding.

Issue 15(l): Has Southern Bell's ESOP been treated appropriately for regulatory purposes?

Position: Yes.

Issue 15(m): How should the costs associated with debt refinancing be treated for ratemaking purposes?

Position: The costs associated with debt refinancing should be treated for ratemaking purposes in the manner proposed by Company Witness Reid in his testimony filed on July 2, 1993 and updated on October 1, 1993. The Company's proposed treatment is to assign the debt refinancing cost to calendar years for ratemaking purposes in amounts equal to the interest expense savings incurred in that year as a result of the refinancing at lower cost debt.

Issue 15(n): Has the Company properly recorded legal and professional services in connection with the Attorney General's

investigation and the Davis Anti-Trust lawsuit as below the line expenses?

Position: Yes.

Issue 15(o): Should the Company be allowed to recover a provision for pension expense in the cost of service?

Position: Yes. The Company has included the appropriate amount of pension expense in the test year in accordance with SFAS 87 Reporting Requirements which have been adopted by the Florida Public Service Commission.

Issue 15(p): How should the Commission treat the costs and savings associated with the Company's labor reduction plan for ratemaking purposes?

Position: For ratemaking purposes, the recognition of the expense associated with the Company's labor reduction plan is more appropriately reported in the year when employees accept separation agreements and subsequently leave the Company's payroll. This treatment gives the Company the opportunity to recover its cost of force reductions by timing the expense reporting more coincident with the period during which the savings will occur. The Company's test year 1993 data already includes an adjustment for expected productivity improvement in 1994 operations based on the historical results which the Company has achieved over the years 1989-1992. This adjustment is explained in the testimony of Company witness John McClellan filed on July 2, 1993. No further adjustment should be considered.

Issue 15(q): Is the budgeted level of maintenance expense appropriate for ratemaking purposes?

Position: Yes.

Issue 15(r): Should an adjustment be made to uncollectible accounts expense?

Position: No.

Issue 15(s): Should the Company be allowed to recover, in cost of service, the cost of the Supplemental Retirement Plan (SERP)?

Position: Yes. The SERP expenses included in cost of service represent reasonable and prudent business expenses.

Issue 15(t): How should the Commission treat costs associated with Stock Appreciation Rights for ratemaking purposes?

Position: Stock Appreciation Rights are normal compensation expenses.

Issue 15(u): Should the Company be allowed to recover, through the cost of service, the cost of chauffeurs?

Position: Yes. To the extent a driver is needed for a prudent business purpose, the cost should be allowed in cost of service.

Issue 15(v): Are there any out-of-period expenses which should be removed from the test year?

Position: No.

Issue 15(w): Is the Company's proforma adjustment to remove certain aircraft expenses reasonable?

Position: Yes.

Issue 15(x): Should an adjustment be made to the separations factor for the Corporate Operations Expense?

Position: No.

Issue 15(y): Should an adjustment be made to the separations factor related to the Universal Service Fund?

Position: No.

Non-recurring Items

Issue 16: Have non-recurring items been removed from the determination of revenue requirements?

Position: Yes.

Affiliated Transactions

Issue 17: Are the affiliated charges and overhead allocations to Southern Bell - Florida reasonable, including charges from the central management/service organization?

Position: Yes. The billings from affiliates follow a comprehensive cost assignment and allocation plan prescribed by the FCC and accepted by the FPSC. BellSouth is audited annually for compliance with these rules and has received an unqualified opinion each year.

Issue 17(a): Are the ownership costs incurred at the corporate level appropriate for ratepayers to pay?

Position: Yes. BellSouth Corporation ("BSC") is the holding company and as such performs certain "ownership" functions which are required of every corporation and which benefit all BSC subsidiaries. Some of these expenses are

proportionately charged to BSC's regulated and non-regulated subsidiaries. The allocation of these BSC costs to its subsidiaries follow the FCC-prescribed cost assignment and allocation requirements. The portion of the allocated billing from BSC to Southern Bell is then appropriately allocated to the Southern Bell states, including Florida.

Issue 17(b): Are the regulated operations being properly compensated for billing and collection services provided to non-affiliated companies and non-regulated and/or affiliated company operations?

Position: Yes. Billing and collections services are provided either at tariffed rates, at fully distributed cost, or at contract rates, each of which fairly compensates regulated operations for the provision of these services.

Issue 17(c): How should the Commission treat BST Research Organization expenses?

Position: The Company has included research and development costs as current expenses in cost of service in accordance with generally accepted accounting principles and past regulatory treatment. The Commission should continue to treat BellSouth Telecommunications Research Organization expenses in this manner.

Issue 17(d): Should the Company be allowed to recover as expenses the return on affiliated assets designated as Intracompany Investment Compensation (ICIC)?

Position: Yes. However, Intracompany Investment Compensation (ICIC) is not related to affiliated assets. ICIC is a compensation arrangement between states within the nine state region which BellSouth Telecommunications (BST) serves. For assets located in Florida and in the Florida rate base, a return component is billed to other states if the other states are benefitting from services provided by the Florida asset. Likewise, if the other states have assets from which Florida receives a benefit, Florida is billed a return component. The ICIC procedure is based on a long standing ratemaking treatments which have been accepted by the Florida Public Service Commission in the past.

Issue 17(e): Has the Company properly removed all BellSouth Corporation corporate advertising costs?

Position: Yes. The Company removed the cost of BellSouth corporate advertising costs through a proforma adjustment entitled "other regulatory adjustments" on Company Witness Reid's Exhibit WSR-2 filed on October 1, 1993.

Issue 17(f): Should an adjustment be made for BellSouth Corporate corporate affair expenses which are charged to the Company?

Position: No. The Company has adjusted the amount of BellSouth Corporate corporate affairs expense included in the test year cost of service using a methodology which has been accepted by the Commission on past earnings surveillance reports. This adjustment entitled "other regulatory adjustments" is

included on Company Witness Reid's Exhibit WSR-2 filed on October 1, 1993.

Issue 17(g): Should an adjustment be made for BellSouth Corporation D.C. public relations costs which are charged to the Company?

Position: No. The Company has adjusted the amount of BellSouth Corporation D.C. public relations expense included in the test year cost of service using a methodology which has been accepted by the Commission on past earnings surveillance reports. This adjustment entitled "other regulatory adjustments" is included on Company Witness Reid's Exhibit WSR-2 filed on October 1, 1993.

Issue 17(h): Should an adjustment be made to remove BellSouth Corporation sponsorships which are charged to the Company.

Position: No. The BellSouth Corporation sponsorship of the BellSouth Golf Classic has been removed from test year cost of service through Company Witness Reid's proforma adjustment entitled "other regulatory adjustments" on Exhibit WSR-2. No further adjustment should be made.

Issue 17(i): Is the return on investment charged to the Company by BellSouth Corporation reasonable?

Position: Yes. The return on investment charged to the Company by BellSouth Corporation and included in test year cost of service is reasonable and in compliance with the affiliated

transaction rules as specified by Part 32, the Uniform System of Accounts.

Issue 17(j): Should an adjustment be made for BellSouth Corporation's lease of the Campanile building which is charged to the Company?

Position: No.

Issue 17(k): Should an adjustment be made to the 1993 budgeted BellSouth Corporation project costs charged to the Company?

Position: No.

Issue 17(l): Are any adjustments necessary to remove travel, meals, club dues, gifts, sporting events, other entertainment, and other miscellaneous expenses of BellSouth Corporation which are charged to the Company?

Position: No. The appropriate amount of expense has been removed from test year cost of service through Witness Reid's proforma adjustment entitled "other regulatory adjustments" on Exhibit WSR-2.

Issue 17(m): Is the Company's adjustment to remove BellSouth Corporation dues reasonable?

Position: Yes. The appropriate amount of expense has been removed from test year cost of service through Witness Reid's proforma adjustment entitled "other regulatory adjustments" on Exhibit WSR-2.

Issue 17(n): Should an adjustment be made to remove BellSouth Corporation donations which are charged to the Company?

Position: No. The appropriate amount of expense has been removed from test year cost of service through Witness Reid's proforma adjustment entitled "other regulatory adjustments on Exhibit WSR-2.

Issue 17(o): Should an adjustment be made for BellSouth legal expenses charged to the Company?

Position: No.

Issue 17(p): Are any adjustments necessary to costs allocated or charged to the Company from Bellcore?

Position: No.

Issue 17(q): Should certain research and development costs charged to the Company be deferred or capitalized?

Position: No.

Issue 17(r): How should the Commission treat the lease agreement with Sunlink for ratemaking purposes?

Position: This issue was added by Order No. PSC-93-1726-PCO-TL, dated December 1, 1993. Southern Bell is considering its position on this issue and reserves the right to amend its Prehearing Statement.

Issue 17(s): How should the Commission treat the agreement with BellSouth Travel Service for ratemaking purposes?

Position: This issue was added by Order NO. PSC-1726-PCO-TL dated December 1, 1993. Southern Bell is considering its position on this issue and reserves the right to amend its Prehearing Statement.

Issue 17(t): Should the Commission allow the Company to charge its affiliates a return on investment for the use of common plant and equipment?

Position: This issue was added by Order No. PSC-93-1726-PCO-TL dated December 1, 1993. Southern Bell is considering its position on this issue and reserves the right to amend its Prehearing Statement.

FAS 112 AND 106

Issue 18: Should the Commission adopt FAS 112 for ratemaking purposes?

Position: Yes.

Issue 18(a): What is the appropriate amount of expense for post-retirement benefits for the test year related to FAS 112?

Position: Southern Bell is proposing to adopt FAS 112 in 1993. Therefore, the implementation cost will be recorded in 1993 and will not be reflected in ongoing test year expense.

Issue 18(b): Does the recognition of SFAS 112 expense in 1993 duplicate budgeted expenses in 1993?

Position: No.

Issue 18(c): What adjustment, if any, should be made for post-retirement benefits other than pensions for the test year related to FAS 106?

Position: The appropriate adjustment for post-retirement benefits other than pensions for the test year related to FAS 106 is the amount calculated by the Company in Witness Reid's testimony.

Depreciation and Amortization Expense

Issue 19: What is the appropriate amount of depreciation expense for the test year?

Position: The appropriate amount of depreciation expense is \$542,254,000 as shown in Company Witness Reid's testimony.

Taxes

Issue 20: What is the appropriate amount of taxes other than income for the test year?

Position: The appropriate amount of taxes other than income is as shown on updated MFR Schedule A-2b filed October 1, 1993.

Issue 20(a): Should an adjustment be made to the gross receipts tax expense?

Position: This issue was added by Order No. PSC-93-1726-PCO-TL dated December 1, 1993. Southern Bell is considering its position on this issue and reserves the right to amend its Prehearing Statement.

Issue 20(b): Should an adjustment be made to the separations factor, for taxes, other than income.?

Position: This issue was added by Order No. PSC-93-1726-PCO-TL dated December 1, 1993. Southern Bell is considering its position on this issue and reserves the right to amend its Prehearing Statement.

Issue 21: What is the appropriate amount of income tax expense for the test year?

Position: The appropriate amount of income tax expense is as reflected in Company Witness Reid's testimony.

Issue 21(a): Has the Company implemented SFAS 109, Accounting for Income Taxes, in accordance with Rule 25-14.013, Florida Administrative Code?

Position: Yes.

Issue 21(b): Should the tax savings that BellSouth Corporation retains in connection with the PAYSOP and LESOP plans be allocated to Florida?

Position: No.

Issue 21(c): Should a parent company debt adjustment be made because of (1) the debt issued by BellSouth Capital Funding Corporation and (2) the debt issued by the trust which holds the shares for LESOP?

Position: No.

Net Operating Income

Issue 22: What is the appropriate achieved test year net operating income?

Position: The appropriate achieved test year net operating income is \$366,767,000 as shown on Company Witness Reid's Exhibit WSR-2 update filed on October 1, 1993.

Attrition

Issue 23: Is Southern Bell's attrition (accretion) allowance appropriate?

Position: Yes.

Revenue Requirement

Issue 24: What is the appropriate amount of revenue increase/decrease for the test year?

Position: The Company's proposed rate changes should be approved. No further revenue changes are necessary.

Issue 24(a): Did Southern Bell earn above 14% Return on Equity (ROE) for 1992, therefore requiring a sharing of earnings between the Company and ratepayers per Order No. 20162 in Docket Number 880069-TL? If so, what is the amount to be shared?

Position: No.

Issue 24(b): Did Southern Bell experience an increase in earnings when netting rate changes against changes in earnings due to exogenous factors and debt refinancing, therefore requiring a refund and/or a permanent disposition for 1992 per Order No. 20162? If so, what is the amount?

Position: No.

Issue 24(c): What amount of revenue, if any, is subject to disposition in 1993 due to orders issued in Docket Number 920260? How should this revenue be disposed of?

Position: The amount of revenue subject to disposition in 1993 is approximately \$49,000,000 as shown in Company Witness Sims testimony.

Issue 24(d): What is the appropriate expansion factor to be used in determining revenue requirements?

Position: The appropriate expansion factor is 59.56623% as shown on Revised MFR Schedule C-13 filed on October 1, 1993.

INCENTIVE REGULATION

Issue 25(a): What criteria should the Commission use to evaluate Southern Bell's performance under the current form of regulation?

Position: When the Commission reviews Southern Bell's results, the Commissioners should assure themselves that this plan has produced just and reasonable rates, has allowed good service, has created incentives to invest in the network, has improved operational efficiencies, and has encouraged the introduction of new and innovative services. The Commission should acknowledge, however, since it is not possible to replicate the past assuming a different form of regulation, that the determination of whether the criteria are met will necessarily be less than precisely measurable.

Issue 25(b): Has the current incentive regulation plan under which Southern Bell has been operating achieved the goals as set forth in Order No. 21062? What are the positive and negative results, if any?

Position: Yes. Southern Bell has produced results which have met the goals in Order No. 21062. The incentive sharing plan has helped to eliminate the economic disincentives inherent in traditional rate of return regulation, encouraged efficient performance by Southern Bell and created additional incentive for Southern Bell to reduce costs and introduce new services.

Issue 26: Should the Commission continue with the current form of regulation of SBT? If not, what is the appropriate form of regulation for SBT?

Position: Yes. The reasons for which the Commission approved the current incentive sharing plan are even more applicable today than they were in 1988. The telecommunications environment continues to change and competition continues to accelerate. In 1988, the Commission recognized the fundamental changes in the industry and allowed the Company to transition itself for these changes. In 1993, technology, strategic alliances and policy decisions have combined to solidify the Company's continuing requirement for earnings and pricing flexibility.

POLICY AND PRICING

Billing Units

Issue 27: Are Southern Bell's test year billing units appropriate?

Position: Yes, Southern Bell's test year billing units are appropriate.

Issue 27(a): Have billing units for employee concessions been properly accounted for in MFR Schedule E-1A?

Position: Yes. Employee concessions have been accounted for in the billing units; therefore, real changes in revenue are reflected.

Proposed Optional Expanded Local Service (ELS) Plan

Issue 28(a): Should Southern Bell's proposed optional Expanded Local Service (ELS) plan be approved? If not, what

alternative plan, if any, should be approved and what should be the criteria? What is the first year revenue impact?

Position: Yes. Southern Bell's proposed optional ELS plan should be approved as filed.

Issue 28(b): If the Company's optional ELS plan or any other alternative is approved, should stimulation be taken into account? If so, how?

Position: Yes. Stimulation effects should be developed based on actual experience with similar plans that are in effect today, combined with knowledge about the calling habits and needs of Florida customers.

Issue 28(c): If the Commission approves an OELS or similar plan, what other actions should the Commission take, if any? (e.g., route-specific switched access charges, 1+ intraLATA presubscription)

Position: The Commission should approve Southern Bell's optional ELS Plan along with all other proposed rate changes included in Southern Bell's July filing. No other Commission action is required.

Issue 28(d): Is Southern Bell's proposal to amend, eliminate or grandfather various existing measured and message rate offerings appropriate?

Position: Yes.

Toll/Access/Mobile Interconnection

Issue 29: Southern Bell has made the following proposals:

- A) To reduce switched access rates in the local transport element for both originating and terminating access from \$.01600 to \$.01328.
- B) To reduce current mobile originating peak usage rate from \$.03470 to \$.03200.
- C) To reduce the optional land-to-mobile intra-company usage charge from \$.0597 to \$.0572.
- D) To reduce the optional land-to-mobile inter-company usage charge from \$.1692 to \$.1667.
- E) To make no changes to its toll services rates.

Should Southern Bell's proposals be approved? If not, what actions should the Commission take with respect to Southern Bell's switched access, toll, and/or mobile interconnection usage rates? What is the test year revenue impact?

Position: Yes. Southern Bell's proposals should be approved as filed. While Southern Bell supports reducing switched access rates to interstate levels, it is not appropriate to do so in this docket. Any additional switched access reduction and resulting toll reduction must be made up from other sources.

Vertical Services

Issue 30(a): Should the Company's proposal to reduce residential call waiting from \$3.50 to \$3.35 and the residential call forwarding-variable from \$2.45 to \$2.20 be approved? If so, what is the test year impact?

Position: Yes. The annual estimated revenue loss is estimated to be \$4.3 million in 1993.

Issue 30(b): The Company has made no proposal to change its current touch-tone charges. Is this appropriate? If not, what action should be taken and what is the test year revenue impact?

Position: Yes. In its proposal, the Company has not requested any change in the charge for touch-tone service. If touch-tone charges were eliminated, the 1993 estimated revenue loss would be \$52 million. Since touch-tone revenues provide a contribution to basic local exchange rates, the recovery of this lost revenue would have to be addressed.

Issue 30(c): Should customers be allowed to subscribe to call forward-busy in lieu of rotary or hunting service? If so, what is the test year revenue impact?

Position: No. Even though in limited situations, the call forward-busy feature can be a substitute for hunting service, call forward-busy and hunting service are two separate and distinct services that are designed to satisfy different needs. In addition, hunting service provides a greater contribution to support basic local service, the majority of which is from business applications.

Issue 30(d): Should Southern Bell be required to offer billed number screening for collect and third number billed calls at no charge to subscribers? If so, what is the test year revenue impact?

Position: Southern Bell is not opposed to eliminating the charges currently in place for billed number screening. During the period October 1992 through September 1993, Southern Bell received approximately \$1.9 million in revenue from billed number screening. If Southern Bell is required to eliminate this charge, the loss of revenue will have to be addressed.

Service Connection Charges

Issue 31: Southern Bell has proposed to restructure and reduce its service connection charges as shown below. What changes, if any, should be made to service connection charges? What is the test year revenue impact?

<u>Current</u>		<u>Proposed</u>	
<u>Residential</u>		<u>Residential</u>	
Primary Service Order	\$25.00	Line Connection - First	\$40.00
Secondary Service Order	\$ 9.00	Line Connection - Add'l	\$12.00
Access Line Connection		Line Change - First	\$23.00
Charge - C.O. Work	\$ 19.50	Secondary Service Charge	\$10.00
Number Change-Per S.O.	\$ 9.00		
Number Change-Per No.	\$11.50		
 <u>Business</u>		 <u>Business</u>	
Primary Service Order	\$35.00	Line Connection - First	\$56.00
Secondary Service Order	\$12.50	Line Connection - Add'l	\$12.00
Access Line Connection		Line Change - First	\$38.00
Charge - C.O. Work	\$19.50	Line Change - Add'l	\$11.00
Number Change-Per S.O.	\$12.50	Secondary Service Charge	\$19.00

Number Change Per No. \$11.50

Position: The restructure and changes to the rates for service connection charges should be approved as proposed by Southern Bell. These changes bring service connection charges more in line with costs and simplifies the existing structure so that it will be easier for customers to understand.

Extended Area Service

Issue 32(a): Is a Toll Relief Plan warranted for the routes in Docket No. 911034-TL (Between Ft. Lauderdale and Miami; Ft. Lauderdale and N. Dade; and Hollywood and Miami)? If so, what is the appropriate form of toll relief? What is the revenue impact?

Position: Southern Bell's proposed ELS Plan addresses those situations when the calling rates between two exchanges do not meet the Commission's criteria for non-optional, unlimited, two-way flat rate EAS. For that reason, Southern Bell believes that the ELS Plan will provide appropriate toll relief for these routes.

Issue 32(b): Should the modifications to the OEAS and EOEAS Plans in Section A3.7 of the General Subscriber Service Tariff be approved as proposed? If not, what action, if any, should be taken? What is the test year revenue impact?

Position: Yes.

Issue 32(c): Should the proposed modification to the "local exceptions" in Section A3.8 of the GSST be approved? If not, what actions, if any, should be taken? What is the test year revenue impact?

Position: Yes. No other action need be taken.

Basic Local Exchange Rates

Issue 33(a): Southern Bell has proposed to reduce the rates and modify the rate relationships between certain of its business access lines. It has proposed no other changes to business rate relationships. Is this appropriate? If not, what changes, if any, should be made to business access line rate relationships? What is the test year revenue impact?

<u>Service</u>	<u>Cur./Prop.</u>	<u>Reduction</u>	<u>B01 Ratio</u>
Business Rotary (or hunting)		31%	.50 / .35
Residential PBX Trunks		22%	.84 / .66
Network Access Registers		24%	2.24 / 1.70
NARS - Small, Medium, Large		42%	1.03 / .59

Position: Yes. No other charges need be made to business access line rate relationships.

Issue 33(b): Should Southern Bell be required to revise its tariff to change the directory assistance (DA) call allowance from one DA call per Centrex/ESSX main station line to 3 DA calls per NAR so as to be comparable with DA call allowances on PBX trunks? If so, what is the test year revenue impact?

Position: Southern Bell would not be opposed to changing the tariff to allow three DA call allowances per network access register (NAR) in order to make ESSX service compatible with the DA application for PBX trunks. ESSX service NARS provide the equivalent access to an ESSX service system that PBX trunks do for a similarly configured PBX.

It is estimated that the 1993 annual revenue impact of this change would be an increase of \$760,000.

The DA allowance of one DA call per Centrex line should not be changed as Centrex service can only be ordered and provisioned on a per line basis. In addition, this service has been grandfathered since 1976.

Issue 33(c): Southern Bell's current rates for customized code restriction (CCR) for B-1 and PBX subscribers are greater than the rates for equivalent services to the Company's ESSX subscribers. Is this appropriate? If not, what adjustment(s) should be made?

Position: Yes. The rate structures and levels for customized code restriction (CCR) for business line, PBX and ESSX subscribers are appropriate. These services are priced based upon the customer's perceived willingness to pay and the relative value of the service. No adjustments need be made.

Issue 33(d): The Company has made no other proposals to change its basic local exchange rates. Is this appropriate? If not, what changes should be made?

Position: Southern Bell's proposals are appropriate. No other changes should be made at this time.

Stimulation

Issue 34: Are Southern Bell's proposed stimulation rates and levels appropriate? If not, what is appropriate?

Position: Yes

Miscellaneous

Issue 35: Should Southern Bell be required to itemize customer bills on a monthly basis?

Position: No. It is not necessary to require Southern Bell to itemize customer bills on a monthly basis as Southern Bell customers are already receiving an itemization of their bills each month.

Southern Bell is not opposed to unbundling the remaining gross receipts tax from the rate base. If the Commission finds that it is appropriate to do so, Southern Bell would prefer to target certain rates for reduction rather than make de minimus reductions in the majority of rate elements contained in the Company's G.S.S.T.

Issue 37: What other rate changes, if any, should be approved?

Position: Southern Bell has no additional proposals for changes in rates or rate structure at this time.

Effective Date/Customer Notification

Issue 38(a): What should be the effective date(s) of any rate changes approved in this docket?

Position: The effective date for any change will depend upon the type of the change that is ordered and to what degree the change differs from that proposed in Southern Bell's filing. Simple rate changes should become effective two months following the final order. Changes to the rates that are associated with the proposed ELS Plan should be effective upon implementation of the Plan. It is anticipated that if the Plan is approved as filed, implementation would occur six months after the order becomes final.

Issue 38(b): What information should be contained in the bill stuffers sent to the customers and when should such notification take place?

Position: The bill insert should contain an explanation of the changes, including a comparison of proposed and current rates where a concise and logical comparison can be made. When rate changes are approved by the Commission, customers should be notified a reasonable time prior to implementation.

Issue 39: Is Southern Bell's quality of service adequate?

Position: Yes.

Issue 39(a): Do Rules 25-4.070 and 25-4.110 require Southern Bell to provide a rebate for an out-of-service condition when the Company fails to notify, with 24 hours of the trouble report, that the trouble is located in Customer Premises Equipment (CPE)?

Position: No.

Issues in Docket No. 900960-TL

Issue 201: Has Southern Bell charged customers through non-contact sales for services not requested?

Position: As a result of an internal investigation conducted in 1990, Southern Bell discovered that a few employees had added certain services, generally related to the inside wire maintenance plan to the accounts of a number of customers without their knowledge.

Issue 202: Did Southern Bell misbill its customers by misinforming them or misleading them with respect to what was the most economic or least expensive services, with the result that the customer were billed for services they did not desire?

Position: No. Service representatives are required to advise customers of the least expensive service alternatives available. Accurate rates must be quoted for services ordered.

Issue 203: How many customers were charged for services not requested through non-contact sales and what is the total amount of such charges that has been collected from Southern Bell's customers? Have these charges been refunded appropriately?

Position: Southern Bell refunded for all customers who were affected by the disciplined employees and those individuals who claimed they did not order the service received a full refund with interest. In addition, \$10 million of the refunds that made up the settlement the Company reached with the Office of Statewide Prosecution were related to this matter.

Issue 204: Did Southern Bell's management know or should have known what customers were being billed through non-contact sales for services not ordered and were appropriate actions taken?

Position: There is no evidence that Southern Bell's management, other than those disciplined, knew of, should have known, condoned or encouraged such behavior. Once such behavior was discovered by Southern Bell through its internal investigation, appropriate disciplinary measures were taken and refunds were made to customers.

Issue 205: Did Southern Bell have adequate internal controls for non-contact sales to prevent customers from being misbilled?

Position: Yes. In addition, while it is impossible to prevent every improper act, the controls Southern Bell had in place allowed it

to identify the employees who acted improperly once a problem was discovered.

Item 206: Did Southern Bell's employees take any other inappropriate actions in regard to marketing and sales of telephone services? If so, what was the impact and what action should the Commission take?

Position: No. Thus, no further action should be taken by the Commission.

Issue 207: If Southern Bell did charge customers through non-contact sales for services not requested and/or took any other inappropriate action in its marketing and sales of telephone services, did these actions violate Chapter 364, Florida Statutes, or Commission Rules?

Position: No.

Issues in Docket Nos. 910163-TL and 910727-TL

Issue 301: Did any of Southern Bell's employees misreport or otherwise miscode trouble reports?

- a. If so, how?
- b. How widespread were such activities?
- c. Did Southern Bell take timely action to stop the practices?

Position: During an internal network operations review in 1990, Southern Bell discovered irregularities in the handling of certain trouble reports. As a result, a statewide internal investigation was conducted that determined that out-of-service customer reports had been created, either by deliberate miscoding or the creation of

fictitious trouble reports. Irregularities were found in the North Dade and Gainesville Installation Maintenance Centers. As a result of its investigation, Southern Bell disciplined a number of employees. Further, as a result of the settlement agreement entered into with the Office of Statewide Prosecution, the Company compensated customers and instituted enhancements to its procedures to prevent this situation from occurring again.

Issue 302: Has Southern Bell violated any Commission Rules or Florida Statutes in regard to its repair and rebate operations? If so, what?

Position: No. Any errors were not made by the Company, but rather by individual employees acting contrary to Company policy.

Issue 303: Did Southern Bell's management encourage behavior that led to any violations of Commission Rules or Florida Statutes in regard to its repair and rebate operations? If so, how?

Position: No. There is no evidence that Southern Bell's management, other than those who were disciplined, knew of, should have known, condoned, or encouraged such behavior. Once such behavior was discovered by Southern Bell, appropriate disciplinary measures were taken.

Issue 304: Has Southern Bell filed any inaccurate Commission Forms PSC/CMU 28 (12/86) or Schedules 2, 11, 17 or 18?

Position: Yes. There are six cases wherein the Schedule 11 needs to be corrected. These six cases are set out in Company Witness Tubaugh's testimony filed on July 12, 1993.

Issue 305: Did Southern Bell have sufficient controls in place to detect or prevent any possible repair and rebate falsification from occurring? If not, where and how were the controls insufficient?

Position: Yes. In addition, while it is impossible to prevent every improper act, the controls Southern Bell had in place allowed it to identify the employees who acted improperly once a problem was discovered.

Issue 306: Under what circumstances have rebates been improperly denied to Southern Bell's customers, if any?

Position: None. As stated in Company Witness Ivy's testimony filed on July 2, 1993, Southern Bell knows of no instances where customers were deliberately denied rebates. Further, as a result of the settlement agreement with the Office of Statewide Prosecution, Southern Bell paid certain of its customers \$3,005,000 for trouble issues.

Issue 307: Were customers denied rebates due to mismanagement, if any, by Southern Bell?

Position: No.

Issue 308: Should Southern Bell be prospectively required to rebate out-of-service over 24 hours reports for the full period of the outage under Rule 25-4.110 (2) by rounding up each pro rata portion for a 24 hour period to equal one full day?

Position: No. Southern Bell already properly rebates out-of-service conditions.

Issue 309: Should Southern Bell be required to file a report with the Commission for rebates given to customers due to these

investigations dockets? If so, what should be contained in the report?

Position: No.

Issue 310: Should the Commission modify Southern Bell's reporting requirements, document retention policy or make other changes?

Position: No. Southern Bell has implemented numerous changes to its procedures and systems to ensure the quality and accuracy of its trouble reporting and rebate processes. These changes are subject to a semiannual audit by an outside accounting firm. No other procedures or changes are necessary.

GENERAL ISSUES PERTAINING TO DOCKET NOS.
910163-TL, 900960-TL 920260-TL

Issue 401: Has Southern Bell refunded the appropriate amounts due in order to make its customers whole for the Dockets listed below? If not, what action should the Commission take/

- a. Docket No. 900960-TL; Non-Contact Sales
- b. Docket No. 910163-TL; Repair
- c. Docket No. 910727-TL; Rebate

Position: Yes. No further action by the Commission is necessary. As shown in the testimony of Company Witnesses Lacher, Madden, and Ivy, all customers who may have experienced a loss as a result of these dockets have been fully compensated.

Issue 402: Has Southern Bell taken adequate steps to prevent any recurrence of these inappropriate activities, if any and, if not, what

should the Commission require Southern Bell to do to prevent these inappropriate activities from occurring again for the dockets listed below?

- a. Docket No. 900960-TL; Contact and Non-Contact Sales
- b. Docket No. 910163-TL; Repair
- c. Docket No. 910727-TL; Rebate

Position: Yes. No further action by the Commission is necessary. As shown in the testimony of Company Witness Lacher and Ivy, Southern Bell has implemented changes to its procedures and systems, where necessary, in order to ensure the quality and accuracy of its trouble reporting and rebate processes. Further, as of July, 1991, Southern Bell has stopped all network or non-contact sales programs.

Issue 403: Should the Commission penalize Southern Bell for poor quality or service, mismanagement, or violations, if any, of Commission Rules and Florida Statutes for the dockets listed below? If so, how?

- a. Docket No. 900860-TL; Non-Contact Sales
- b. Docket No. 910163-TL; Repair
- c. Docket No. 910727-TL; Rebate
- d. Docket No. 920260-TL; Quality of Service

Position: No. Southern Bell itself discovered the problems raised by these dockets. Once the problems were discovered, disciplinary action was taken, customers were fully compensated, and procedures and controls were strengthened. There is no evidence that management, as a whole, knew of, condoned or encouraged such behavior

and there is no basis for imposing a penalty on the Company in connection with these dockets.

Issue 404: Did Southern Bell's settlement with the Office of Statewide Prosecutor sufficiently compensate potentially affected subscribers to that no additional compensation for subscribers is warranted for the dockets listed below:

- a. Docket No. 900960-TL; Non-Contact Sales
- b. Docket No. 919163-TL; Repair
- c. Docket No. 910727-TL; Rebate

Position: Yes. Customers affected by the rebate were compensated. Further, the \$3.76 paid per trouble report was more than four times the average rebate required to be paid pursuant to the Commission's Rules. With regard to the non-contact sales problem, all persons who could possibly have been affected were compensated, even those who were given the opportunity but never indicated that they had a problem.

E. STIPULATIONS

There have been no stipulations entered into at this time.

F. PENDING MOTIONS FILED BY SOUTHERN BELL

There are several Requests for Confidential Classification and Motions for Temporary and Permanent Protective Order filed by Southern Bell and pending before the Prehearing Officer. In addition, there are several Motions for Reconsiderations filed by Southern Bell and pending before the full Commission.

Southern Bell knows of no requirements set forth in any prehearing order with which it cannot comply.

Respectfully submitted this 6th day of December, 1993.

SOUTHERN BELL TELEPHONE
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