

Harris R. Anthony
General Counsel - Florida

U.S. COURT
FILE COPY

BellSouth Telecommunications, Inc.
Museum Tower Building
Suite 1910
150 West Flagler Street
Miami, Florida 33130
Phone (305) 347-5555

January 5, 1994

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

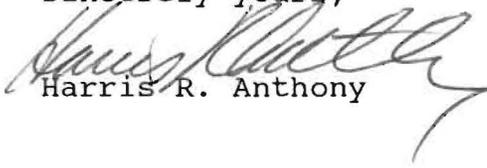
Re: Docket No. 920260-TL

Dear Mr. Tribble:

Enclosed please find an original and twenty copies of Southern Bell Telephone and Telegraph Company's Joint Motion, 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 yours,



Harris R. Anthony

- ACK
- AFA _____
- APP _____
- CAF _____
- CMO _____
- CTR _____
- EAC _____
- LEA 1 w/m
- LJA 6
- CLJ _____
- HJA 1
- SPJ _____
- WHS _____
- UTH _____

Enclosures

cc: All Parties of Record
A. M. Lombardo
R. Douglas Lackey

RECEIVED & FILED

EPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

00156 JAN-5 94

FPSC-RECORDS/REPORTING

Comm 5
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Telephone and Telegraph Company; Docket No. 900960-TL,
Investigation into Southern Bell Telephone and Telegraph
Company's Non-Contact Sales Practices; Docket No. 910163-TL
Petition on behalf of Citizens of the State of Florida to
Initiate Investigation into Integrity of Southern Bell Telephone
and Telegraph Company repair service activities and reports.
; and Docket No. 910727-TL Investigation into Southern Bell
Telephone and Telegraph Company's Compliance with Rule 25-
4.110(2) (Rebates), all of which have been consolidated into
Docket No. 920260-TL for the purpose of the conducting of
hearings. (These dockets will herein after be collectively
referred to as the "Southern Bell Rate Case.")

2. OPC, Southern Bell and various intervenors have expended a significant amount of time, money and resources in litigation of the Southern Bell Rate Case. These efforts have also resulted in a large demand placed upon the time and resources of the FPSC and its Staff.

3. OPC and Southern Bell believe that an amicable resolution of the disputed matters in the Southern Bell Rate Case would be in the best interests of the OPC, Southern Bell, the other intervenors to the Southern Bell Rate Case, the ratepayers of Southern Bell and the FPSC and its Staff. Accordingly, OPC and Southern Bell have negotiated a settlement of all of the various issues contained in the Southern Bell Rate Case. That settlement is set forth in the Stipulation and Agreement executed by OPC and Southern Bell on January 5, 1994. A copy of the

executed Stipulation and Agreement is attached hereto as Attachment "A."

4. Except as specifically noted in the Stipulation and Agreement, the Stipulation and Agreement resolves all issues in the Southern Bell Rate Case in a manner that is reasonable and in the best interests of all parties to the Southern Bell Rate Case, to Southern Bell's ratepayers and to the FPSC. In general, the terms of that Stipulation and Agreement call for: (1) Southern Bell to make specified rate reductions and a mechanism for determining the rate design for such rate reductions; (2) Southern Bell to take certain additional expenses for accounting purposes during calendar year 1993; (3) Southern Bell to withdraw its Expanded Local Service Plan; (4) Southern Bell to fund up to \$11 Million in costs and revenue losses for rate relief on toll routes between Dade and Broward Counties; (5) the capping of certain rates through 1997; (6) specified sharing and after-sharing cap points during the duration of the Stipulation and Agreement; (7) the implementation by Southern Bell of a customer service guarantee plan; (8) the use of specified accounting procedures; (9) Southern Bell's establishing a reserve for catastrophic losses; (10) a specified increase in the number of Southern Bell's outside plant forces; (11) a mechanism by which OPC may, under specified circumstances, petition for a reduction in the sharing and after-sharing cap points set forth in the Stipulation and Agreement; (12) a closure of the three investigation dockets; (13) the leaving of Docket No. 920260-TL

open only for specified purposes; and (14) a mechanism by which OPC or Southern Bell may, under specified circumstances, petition the FPSC to modify the Stipulation and Agreement.

5. Because the Stipulation and Agreement is in the best interest of Southern Bell's ratepayers, OPC and Southern Bell request that the FPSC expeditiously accept the Stipulation and Agreement as filed and thereupon take all action as specified therein.

WHEREFORE, OPC and Southern Bell respectfully request that the FPSC grant the relief sought in this Joint Motion. This 5th day of January, 1994.

THE OFFICE OF PUBLIC COUNSEL

By Charles J. Beck
Charles J. Beck
Deputy Public Counsel

BELLSOUTH TELECOMMUNICATIONS,
INC. D/B/A SOUTHERN BELL
TELEPHONE AND TELEGRAPH COMPANY

By Harris R. Anthony
Harris R. Anthony
General Counsel-Florida

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 5 day of Jan, 1994
to:

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A handwritten signature in black ink, appearing to read "Peter Q. Nyce, Jr.", written over a horizontal line.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition on behalf of) Docket No. 910163-TL
 Citizens of the State of Florida)
 to initiate investigation into)
 integrity of Southern Bell)
 Telephone and Telegraph Company's)
 repair service activities and)
 reports.)

In re: Comprehensive Review of) Docket No. 920260-TL
 the Revenue Requirements and Rate)
 Stabilization Plan of Southern)
 Bell Telephone & Telegraph Company)

In re: Investigation into Southern) Docket No. 900960-TL
 Bell Telephone and Telegraph)
 Company's Non-Contact Sales)
 Practices)

In re: Investigation into) Docket No. 910727-TL
 Southern Bell Telephone and)
 Telegraph Company's Compliance)
 with Rule 25-4.110(2) (Rebates))
)

**STIPULATION AND AGREEMENT BETWEEN THE
 OFFICE OF PUBLIC COUNSEL AND
 SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY**

COME NOW The Office of Public Counsel ("OPC") and BellSouth Telecommunications, Inc., doing business as Southern Bell Telephone and Telegraph Company ("Southern Bell") (OPC and SOUTHERN BELL hereinafter sometimes collectively referred to as the "PARTIES") and hereby agree and covenant as follows:

WHEREAS, there are presently pending before the Florida Public Service Commission ("FPSC"), four dockets: FPSC Docket No. 920260-TL, Comprehensive Review of the Revenue Requirements and Rate Stabilization Plan of Southern Bell Telephone and Telegraph Company; Docket No. 900960-TL, Investigation into Southern Bell Telephone and Telegraph Company's Non-Contact Sales Practices; Docket No. 910163-TL Petition on behalf of Citizens of the State

of Florida to initiate investigation into integrity of Southern Bell Telephone and Telegraph Company's repair service activities and reports; and Docket No. 910727-TL Investigation into Southern Bell Telephone and Telegraph Company's Compliance with Rule 25-4.110(2) (Rebates) (sometimes hereinafter collectively referred to as the "Southern Bell Rate Case" or the "Rate Case"), all of which involve the operations of SOUTHERN BELL in Florida; and

WHEREAS, these dockets have been consolidated for hearing before the Florida Public Service Commission ("FPSC"); and

WHEREAS, OPC and SOUTHERN BELL believe that it is in the best interests of the ratepayers of SOUTHERN BELL and the citizens of Florida to amicably settle the SOUTHERN BELL Rate Case without the expenditure of any further time, money and other resources in litigating these issues before the FPSC 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 in the SOUTHERN BELL Rate Case, except as otherwise specifically exempted in Paragraph 10 below. The OPC and SOUTHERN BELL further agree that this document constitutes the entirety of the agreement of the PARTIES and that all other agreements related to these dockets, not previously reduced to writing, are subsumed within this document.

2. The terms of this STIPULATION AND AGREEMENT resolve all issues related to the determination of SOUTHERN BELL's earnings

and revenue requirements, including but not limited to accounting adjustments and affiliated transactions. To the extent that the FPSC shall, during the term of this STIPULATION AND AGREEMENT, change any accounting rules, practices, interpretations or procedures that could have been considered by the FPSC as a result of its having been part of an issue in the Rate Case, any such change shall have no effect on the calculation of SOUTHERN BELL's earnings nor for any other purpose including, but not limited to, the sharing and after-sharing cap points as described in Paragraph 15 below.

3. The PARTIES agree that, unless otherwise set forth in this STIPULATION AND AGREEMENT, SOUTHERN BELL shall continue to account for its financial results as ordered by the FPSC under the terms and conditions set forth and adopted by the FPSC in Order No. 20162, issued October 13, 1988, in FPSC Docket No. 880069-TL, as modified by subsequent orders issued in that same docket or in Docket No. 920260-TL, the successor docket to Docket No. 880069-TL (hereinafter collectively referred to as the "Order"). Accordingly, unless otherwise modified herein, it is the OPC's and SOUTHERN BELL's intent that SOUTHERN BELL shall continue to record its operations for regulatory purposes and to make the reports required of it by the FPSC using the same format, standards and guidelines adopted by the FPSC in the Order and subsequently used by SOUTHERN BELL in filing its surveillance reports since October of 1988.

4. The PARTIES agree that for Calendar Year 1993, SOUTHERN

BELL shall, in addition to the requirements imposed upon it by the Order, record certain additional expenses for accounting purposes. Specifically, SOUTHERN BELL shall record as an expense in 1993, all of the remaining deferred expenses resulting from Hurricane Andrew, which are anticipated to be approximately \$60 million. SOUTHERN BELL shall record as an expense in 1993, its remaining expenses incurred during 1993 associated with the refinancing of its debt, which amount is expected to be approximately \$28 million. The OPC and SOUTHERN BELL agree that in light of this treatment of the refinancing expenses, interest savings from the 1993 refinancing of SOUTHERN BELL's debt shall not be considered as an exogenous item for purposes of the Order. SOUTHERN BELL further agrees to amortize, in 1993, the reserve deficiency resulting from the early retirements of its plant caused by or associated with the impact of Hurricane Andrew, which is anticipated to be approximately \$19 million. The PARTIES further agree that SOUTHERN BELL shall implement the requirements of FASB 112 in 1993, which is anticipated to result in an expense of approximately \$22 million. Each of the expenses referred to in this paragraph shall be included for purposes of calculating SOUTHERN BELL's return on equity for 1993. The PARTIES further agree that, beginning in 1994, SOUTHERN BELL shall establish a reserve for catastrophic losses from hurricanes and similar occurrences. The accrual expense for such reserve shall be equal to \$10 million a year. This expense accrual shall be included for purposes of calculating SOUTHERN BELL's return on

equity.

5. In lieu of specific adjustments, the OPC and SOUTHERN BELL further agree that SOUTHERN BELL shall implement the following revenue reductions and tariff changes at the times indicated:

- A. During the first billing cycle 30 days after the adoption of this STIPULATION AND AGREEMENT by the FPSC, SOUTHERN BELL shall eliminate all TouchTone charges throughout its service areas in Florida. The estimated impact of this tariff change is \$55 million on an annualized basis.
- B. On July 1, 1994, SOUTHERN BELL shall further reduce its gross revenues by \$60 million, on an annualized basis.
- C. On October 1, 1995, SOUTHERN BELL shall further reduce its gross revenues by \$80 million, on an annualized basis.
- D. On October 1, 1996, SOUTHERN BELL shall further reduce its gross revenues by \$84 million, on an annualized basis.

6. The PARTIES agree that SOUTHERN BELL shall file tariff changes that will dispose of, on a permanent basis, the approximately \$49 million previously set aside by the FPSC in Order No. PSC-93-0588-FOF-TL. Those tariff changes shall become effective during the first billing cycle thirty days after approval by the FPSC of this STIPULATION AND AGREEMENT. Until

those tariffs become effective, the monthly credit currently in place shall continue. These tariffs shall be in accordance with the testimony and proposed tariffs attached thereto, filed by Nancy Sims on July 2, 1993, and shall provide for:

- A reduction and restructure of service connection charges;
- A reduction in flat rate PBX trunk, Network Access Register (NAR) and hunting charges for business customers;
- The elimination of all existing flat rate extended area service (EAS) additives;
- A reduction in certain Custom Calling Service rates.

7. The PARTIES further agree that SOUTHERN BELL shall withdraw its Expanded Local Service Plan proposal. During the term of this STIPULATION AND AGREEMENT, SOUTHERN BELL agrees that it shall not propose nor support any additional statewide optional or mandatory local measured service plan that applies to voice communication by means of 1FR, 1FB, or PBX trunk service.

8. In addition to the rate reductions set forth in Paragraph 5, above, the PARTIES agree that SOUTHERN BELL will absorb, effective January 1, 1995, up to \$11 million in revenue losses and costs that are expected to result from the implementation of a Dade/Broward County extended area service plan. The OPC and SOUTHERN BELL anticipate that the FPSC will consider this matter in 1994 and will reach a decision as to the plan, if any, that will be implemented to provide toll relief for

routes between Broward County and Dade County. In the event that the FPSC ultimately approves, on a permanent basis, the plan that was approved by Order No. PSC-93-0842-FOF-TL, in Docket No. 911034-TL, SOUTHERN BELL will absorb the associated revenue losses and costs. In the event the FPSC approves an alternative plan, and if the losses associated with such alternative plan are less than \$11 million per year when fully implemented, SOUTHERN BELL shall file rate reductions equal to the difference between the actual losses and \$11 million. In the event that an alternative plan is adopted and such alternative plan causes losses in excess of \$11 million, SOUTHERN BELL shall be entitled to reduce the next scheduled rate reduction outlined in Paragraph 5 by an amount equal to the losses in excess of \$11 million, plus a return on such loss in excess of \$11 million, calculated at the rate earned on overall capital as reported by SOUTHERN BELL on its last surveillance report filed prior to the scheduled rate reductions.

9. The OPC acknowledges that BellSouth Telecommunications, Inc., has announced that it will take, for financial reporting purposes, a restructuring charge of approximately \$1.2 billion in 1993 for the nine state area of BellSouth Telecommunications, Inc. The PARTIES agree that for regulatory purposes, the expenses and any resulting savings that occur as a result of the announced restructuring will be accounted for as the expenses or charges occur.

10. The PARTIES agree that the FPSC shall conduct hearings

to determine the rate design by which the amounts set forth in Paragraph 5 above shall be disposed of. SOUTHERN BELL shall submit, not less than 60 days prior to the scheduled effective date of each reduction, its proposal as to how such reductions should be reflected in its tariffs. The FPSC shall approve each such proposal submitted by SOUTHERN BELL unless an interested party files a timely objection to SOUTHERN BELL's proposal. In the event such an objection is filed and causes a delay in the implementation date of the rate reductions from the scheduled implementation dates as set forth in Paragraph 5 above, the PARTIES agree that SOUTHERN BELL shall return the pro rata portion of the rate reduction in question for the period of such delay to SOUTHERN BELL's customers in the form of a refund.¹

11. The PARTIES agree that the rates for 1FR, 1FB, PBX trunks and directory assistance service shall be capped at existing rates over the term of this STIPULATION AND AGREEMENT and that the number of free calls to Directory Assistance shall not be reduced during the term of this STIPULATION AND AGREEMENT.

12. The PARTIES agree that the Lifeline Service tariff requested by the American Association of Retired Persons and filed by SOUTHERN BELL shall be implemented as filed within 180

¹ For purposes of this STIPULATION AND AGREEMENT, a "refund" shall be accomplished either by customers receiving a check in a separate mailing or a credit appearing on customers' bills, at the sole discretion of Southern Bell. Any such refund shall be distributed in the same manner and proportion as the \$49 million monthly credit provided to Southern Bell customers during 1993. Customers of record as of the last day of the month of the FPSC order requiring such a refund will be eligible therefor.

days after approval of this STIPULATION AND AGREEMENT by the FPSC. The revenue reduction resulting from implementation of the Lifeline Tariff shall be counted as part of the \$49 million revenue reduction set forth in Paragraph 6 above.

13. The PARTIES agree that no later than October 1, 1994, SOUTHERN BELL shall implement a service guarantee rebate plan which provides a \$25.00 rebate to any residence customer and \$100 to every business customer who tells a SOUTHERN BELL employee that he or she is dissatisfied in connection with installation or maintenance service provided to that customer by SOUTHERN BELL. If SOUTHERN BELL disputes the reasonableness of a customer's claim of dissatisfaction and thus that customer's eligibility for a rebate, the FPSC, at the request of SOUTHERN BELL or the customer, shall determine the customer's eligibility for such rebate. In the event of a natural disaster, SOUTHERN BELL shall notify the FPSC that it has suspended the service guarantee plan during the pendency of such disaster.

14. SOUTHERN BELL shall, by April 1, 1994, increase its outside plant forces by at least 275 people above the number of employees in those positions as of January 1, 1993.

15. The PARTIES agree that, as a consequence of the terms of this STIPULATION AND AGREEMENT, SOUTHERN BELL's return on equity for 1993 shall be capped at 10.8%. The PARTIES further agree that for calendar year 1994, sharing shall begin at 12% return on equity with an after-sharing cap of 14% return on equity. Amounts shall be shared as follows: 60% refunded to the

customers with the balance retained by SOUTHERN BELL. The PARTIES further agree that for calendar year 1995, sharing shall begin at 12.5% return on equity with an after-sharing cap of 14.5% return on equity. Amounts shall be shared as follows: 60% refunded to the customers with the balance retained by SOUTHERN BELL. The PARTIES further agree that the sharing and after-sharing cap points for calendar years 1996 and 1997 shall be the same and shall be determined by adjusting upward or downward the sharing and after-sharing cap points for 1995 by an amount equal to the result of subtracting the average yield of AA utility bonds, as reported by Moody's Bond Rating Service, for the period of September, October and November of 1993 from the average yield of AA utility bonds for September, October and November of 1996; provided, however, that the upward or downward movement shall not exceed 75 basis points. The PARTIES agree that the average yield for September, October and November, 1993 is 6.98. Amounts for 1996 and 1997 shall be shared as follows: 60% refunded to the customers with the balance retained by SOUTHERN BELL. For any given year within the time period covered by this STIPULATION AND AGREEMENT, all earnings of SOUTHERN BELL above the after-sharing cap for that year shall be refunded to SOUTHERN BELL's customers.

16. The PARTIES agree that if, pursuant to Paragraph 18 of the Settlement Agreement between the Office of Statewide Prosecution and SOUTHERN BELL, dated October 9, 1992 (the "Settlement Agreement"), the Statewide Prosecutor notifies SOUTHERN BELL that SOUTHERN BELL is in breach of the Settlement

Agreement, as the term "breach" is defined therein, and that the Statewide Prosecutor has decided to void the Settlement Agreement, the OPC may petition the FPSC for a reduction of the sharing and after-sharing cap points set forth in this STIPULATION AND AGREEMENT. In such event, SOUTHERN BELL may request a hearing before the FPSC on OPC's petition, where the OPC and SOUTHERN BELL may offer evidence regarding the allegations of wrongdoing as set forth in the Statewide Prosecutor's notice of intent to void the Settlement Agreement; however, the PARTIES understand that, for purposes of the Settlement Agreement, the FPSC may not review the determination by the Statewide Prosecutor that a breach has occurred, because such determination is solely within the discretion of the Statewide Prosecutor pursuant to the Settlement Agreement; provided further, however, that SOUTHERN BELL, for purposes of this STIPULATION AND AGREEMENT, may contest before the FPSC whether or not any improper conduct has occurred and, if so, whether or not any change in the sharing and after-sharing cap points is warranted. SOUTHERN BELL waives any right to object to the use of evidence by the OPC or the FPSC solely on the basis that it was obtained from the Statewide Prosecutor. The PARTIES further agree that if SOUTHERN BELL is charged by Indictment or Information with criminal conduct arising out of activity occurring during the time periods covered by this STIPULATION AND AGREEMENT, the OPC may petition the FPSC for a reduction of the sharing and after-sharing cap points. SOUTHERN BELL reserves the

right to request a hearing before the FPSC to determine whether or not any criminal conduct has occurred and, if so, whether or not any change in the sharing and after-sharing cap points is warranted, but may not object to the use of evidence by the OPC or the FPSC solely on the basis that it was obtained from the Statewide Prosecutor or the Attorney General. The OPC and SOUTHERN BELL shall have the right of discovery under the rules of the FPSC during the duration of this STIPULATION AND AGREEMENT for the purpose of ascertaining SOUTHERN BELL's compliance with the terms of this STIPULATION AND AGREEMENT. If the OPC learns of information that reasonably suggests that SOUTHERN BELL has engaged in material corporate misconduct to the detriment of the ratepayers or has violated the terms of this STIPULATION AND AGREEMENT, the OPC may petition the FPSC for a lowering of the sharing and after-sharing cap points; provided, however, that SOUTHERN BELL may contest before the FPSC whether or not SOUTHERN BELL has engaged in any material corporate misconduct, or violated the terms and conditions of this STIPULATION AND AGREEMENT and, if so, whether or not any change in the sharing and after-sharing cap points is warranted. If the FPSC finds that there has been material corporate misconduct or a violation of this STIPULATION AND AGREEMENT, then the FPSC may lower the sharing or after-sharing cap points.

17. In Order No. 20162, the FPSC created a mechanism for handling earnings exempt from sharing. This mechanism is hereinafter referred to as the "Box." The PARTIES agree that, as

of December 31, 1993, the Box shall be returned to zero. Those exogenous items that are not currently known, but may occur during the term of this STIPULATION AND AGREEMENT, shall be included in the Box. Those exogenous items currently scheduled to take place during the term of this STIPULATION AND AGREEMENT as a result of past FPSC orders or other governmental action shall be excluded from the Box. The PARTIES agree that, for any bond refinancing that occurs subsequent to January 1, 1994, the cost of such refinancing shall be amortized as rapidly as possible, but in no year shall the amortization exceed the interest savings for that year.

18. The PARTIES further agree that the telecommunications industry may change in the future. As a consequence thereof, neither PARTY can reasonably anticipate all of the changes that may occur in the marketplace, in technology or in the legislation or regulation governing this industry. Therefore, in the event material changes occur in these areas, either PARTY may petition the FPSC, and if the FPSC determines that such material change has occurred and affects SOUTHERN BELL, the FPSC may modify this STIPULATION AND AGREEMENT, such modification to be effective January 1, 1997. Subsequent to January 1, 1997, either PARTY has the option to petition the FPSC for a change as that PARTY deems appropriate. Any order resulting from any such petition filed after January 1, 1997, shall be effective as of the date of such order. The capping of rates for 1FR, 1FB, PBX trunks and directory assistance service and the freeze on the number of free

calls to directory assistance, all as described in Paragraph 11; the Lifeline Tariff described in Paragraph 12; the agreement concerning local measured service described in Paragraph 7; and the rate reductions described in Paragraph 5 are exempt from the provisions of this paragraph.

19. The PARTIES agree that they shall jointly petition the FPSC to conduct workshops on any issue or issues related to the FPSC's quality of service rules that either party believes need to be clarified or addressed.

20. The PARTIES agree that the FPSC shall, immediately upon approval of this STIPULATION AND AGREEMENT, close Docket Nos. 910163-TL, 900960-TL and 910727-TL. The PARTIES further agree that the FPSC shall keep Docket No. 920260-TL open solely for the purposes of: (1) implementing the rate reductions set forth in Paragraph 5 above; (2) determining SOUTHERN BELL's earnings for purposes of the sharing and after-sharing cap points as set forth in Paragraph 15 above; (3) the filing of a petition, if any, by the OPC pursuant to Paragraph 16 above; and (4) determining what toll relief, if any, should be implemented on toll routes between Broward and Dade Counties.

21. The OPC and SOUTHERN BELL further agree that any dispute as to the meaning of any portion of this STIPULATION AND AGREEMENT shall be addressed to the FPSC in the first instance, but that each party reserves any rights it may have to seek judicial review of any ruling concerning this STIPULATION AND AGREEMENT made by the FPSC.

22. Any failure by OPC or SOUTHERN BELL to insist upon the strict performance by any other entity of any of the provisions of this STIPULATION AND AGREEMENT shall not be deemed a waiver of any of the provisions of this STIPULATION AND AGREEMENT, and OPC or SOUTHERN BELL, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this STIPULATION AND AGREEMENT.

23. The PARTIES agree that in the event the FPSC does not adopt this STIPULATION AND AGREEMENT in its entirety, the STIPULATION AND AGREEMENT shall become null and void and be of no effect.

24. This 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.

25. The OPC and SOUTHERN BELL 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. Neither this STIPULATION AND AGREEMENT nor any action taken to reach, effectuate or further this STIPULATION AND AGREEMENT may be construed as, or may be used as an admission by or against any party of any fault, wrongdoing or liability whatsoever, nor as an admission concerning any specific issue raised in the Rate Case. Entering

into or carrying out this STIPULATION AND AGREEMENT or any negotiations or proceedings related thereto, shall not in any event be construed as, or deemed to be evidence of, an admission or concession by any of the parties, or to be a waiver of any applicable claim or defense, otherwise available.

26. This STIPULATION AND AGREEMENT was executed after arm's length negotiations between the PARTIES and reflects the conclusion of the PARTIES that this STIPULATION AND AGREEMENT is in the best interests of all the parties as well as SOUTHERN BELL's ratepayers and the citizens of Florida.

27. The PARTIES participated jointly in the drafting of this STIPULATION AND AGREEMENT, and therefore the terms of this STIPULATION AND AGREEMENT are not intended to be construed against any PARTY by virtue of draftsmanship.

28. This STIPULATION AND AGREEMENT may be executed in several counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this STIPULATION AND AGREEMENT has been executed as of the 5 day of January, 1994, 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.

THE OFFICE OF PUBLIC COUNSEL

By Jack Shreve
Jack Shreve, Public Counsel

BELLSOUTH TELECOMMUNICATIONS,
INC. D/B/A SOUTHERN BELL
TELEPHONE AND TELEGRAPH COMPANY

By Joseph P. Lacher
Joseph P. Lacher,
President-Florida