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DATE: AUGUST 2, 2001

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF COMPETITIVE SERVICES (AUDU, SIMMONS) *AS*
DIVISION OF LEGAL SERVICES (B. KEATING, CHRISTENSEN) *msd*

RE: DOCKET NO. 000733-TL - INVESTIGATION TO DETERMINE WHETHER
BELLSOUTH TELECOMMUNICATIONS, INC.'S TARIFF FILING TO
RESTRUCTURE ITS LATE PAYMENT CHARGE IS IN VIOLATION OF
SECTION 364.051, F.S.

AGENDA: 08/14/01 - REGULAR AGENDA - POST HEARING DECISION -
PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\000733a.RCM

CASE BACKGROUND

On July 9, 1999, BellSouth Telecommunications, Inc. (BST, BellSouth or the Company) filed a tariff with this Commission to restructure its Late Payment Charge (LPC) in Section A2 of its General Services Tariff (GST). Under this tariff filing, BST applies a LPC of \$1.50 for residential customers and \$9.00 for business customers plus an interest charge of 1.50% on unpaid balances in excess of \$6.00. Prior to this filing, BST applied a LPC of 1.50% to any unpaid balance greater than \$1.00.

As a price-regulated LEC, BST's filings are presumptively valid, pursuant to Section 364.051(5)(a), Florida Statutes, and may go into effect fifteen (15) days after the filing. BST's filing became effective July 24, 1999, in accordance with Section 364.051(5)(a), Florida Statutes. The tariff provisions became effective August 28, 1999.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

In August 1999, staff first expressed concerns to BST about its LPC tariff filing regarding possible statutory violations. Staff was made aware of ongoing discussions between BST and the Office of Public Counsel (OPC) on this same filing. In view of the ongoing discussions between BST and OPC, BST requested that staff allow the negotiations to continue in an effort to resolve the matter. BST furnished staff with a letter stating that BST would provide refunds to affected customers if the LPC is ultimately found to be unlawful.

On June 19, 2000, this docket was established to investigate whether BellSouth Telecommunications, Inc.'s tariff filing to restructure its late payment charge is in violation of Section 364.051, Florida Statutes. By proposed agency action Order No. PSC-00-1357-PAA-TL, issued July 27, 2000, the Commission found BellSouth's July 9, 1999, tariff filing revising its Late Payment Charge in Section A2 of its General Subscriber Service Tariff and Section B2 of its Private Line Services Tariff in violation of Section 364.051(5)(a), Florida Statutes. The Commission also ordered that the tariffs remain in effect for 30 days from the issuance of the Order. If a timely protest of this Order was filed, then the tariffs were to remain in effect pending the outcome of a hearing with any revenues resulting from the tariff held subject to refund.

On August 17, 2000, BellSouth timely petitioned for a formal hearing. By Order No. PSC-00-2458-PSC-TL, issued December 20, 2000, OPC's Notice of Intervention was acknowledged. By Order No. PSC-00-2279-PCO-TL, a hearing was set for April 18, 2001. On December 11, 2000, BellSouth and OPC filed a Joint Motion to Amend Procedural Schedule.

The parties stated that the procedure established for this docket was based on Section 120.57(1), Florida Statutes; they requested that the procedural order be amended to reflect that the case proceed pursuant to Section 120.57(2), Florida Statutes. The parties asserted that a joint stipulation of the facts could be reached constituting the evidentiary record, and that a briefing schedule was appropriate. Thus, by Order No. PSC-00-PSC-01-0228-PCO-TL the hearing was cancelled and the parties were directed, instead, to file briefs.

At the issue identification meeting held on November 6, 2000, the following issues were identified:

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1. Is BellSouth's interest charge of 1.50% on unpaid balances, as filed in T-991139, a rate element of an existing service that is subject to the provisions of Section 364.051(5)(a), Florida Statutes?
2. Is the interest charge filed by BellSouth in T-991139 a "new service" for the purposes of Section 364.051(5)(a), Florida Statutes?
3. Does BellSouth's tariff filing (T-991139) violate Section 364.051(5)(a), Florida Statutes? If so, what amount needs to be refunded, and how should the refund be determined and made effective?

As laid out, staff believes that Issue 3 is broad enough to allow staff also to address both Issues 1 and 2 under it. Staff believes that this is the most efficient way of addressing the issues in this proceeding.

The Commission has jurisdiction pursuant to Section 364.051(5)(a), Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Is BellSouth's interest charge of 1.50% on unpaid balances, as filed in T-991139, a rate element of an existing service that is subject to the provisions of Section 364.051(5)(a), Florida Statutes?

RECOMMENDATION: Yes. BST's restructured interest charge of 1.50% on unpaid balances, as filed in T-991139, is a rate element of an existing service that is subject to the provisions of Section 364.051(5)(a), Florida Statutes. (AUDU, SIMMONS)

STAFF ANALYSIS: (See staff analysis in Issue 3).

ISSUE 2: Is the interest charge filed by BellSouth in T-991139 a "new service" for the purposes of Section 364.051(5)(a), Florida Statutes?

RECOMMENDATION: No. The restructured interest charge as filed in BST's T-991139 is not a new service for the purposes of Section 364.051(5)(a), Florida Statutes. (AUDU, SIMMONS)

STAFF ANALYSIS: (See staff analysis in Issue 3).

ISSUE 3: Does BellSouth's tariff filing (T-991139) violate Section 364.051(5)(a), Florida Statutes? If so, what amount needs to be refunded, and how should the refund be determined and made effective?

RECOMMENDATION: Yes. BST's tariff filing (T-991139) violates Section 364.051(5)(a), Florida Statutes. Staff recommends that BST be required to discontinue assessing the restructured 1.50% interest charge on unpaid balances in excess of \$6.00 upon the issuance of an order in this proceeding. The Commission should order BST to refund all amounts collected through the restructured interest charge of 1.50%, with interest, to all affected customers within 120 days of a final order. Staff further recommends that this refund be made in the form of a credit to the affected customers' bills; where BST cannot provide a refund through a bill credit, BST should send the customers a check for the appropriate amount.

(AUDU, SIMMONS)

POSITION OF THE PARTIES

CITIZENS OF FLORIDA - REPRESENT THE OFFICE OF PUBLIC COUNSEL:

The Commission proposed agency action correctly concluded that the two filings amounted to a restructure of the late payment charge. What was once a charge of 1.5% on unpaid balances greater than \$1.00 became a 1.5% charge on unpaid balances greater than \$6.00 plus a fixed charge of \$1.50 for residential customers and \$9.00 for business customers. The Commission should affirm its earlier decision that the tariff filings violate the price caps for non basic service categories.

BELLSOUTH:

The interest charge is not a fee for a telecommunications service and, therefore, is not subject to Section 364.051(6)(a) as a rate element of any existing nonbasic telecommunications service covered by that statute.

The interest charge is not a fee for any service, new or old, regulated by Section 364.051(6)(a). If the interest charge were a fee for a service regulated by that statute, it would be a new service.

BellSouth's tariff does not violate Section 364.051(6)(a). In the event this Commission concludes otherwise, refunds should be limited to the amount collected under the interest charge. BellSouth will calculate the amounts customers paid in interest under T-991139 and refund that amount within 120 days from the time the Commission's order becomes final.

STAFF ANALYSIS:

Section 364.051(5)(a), Florida Statutes, allows telecommunications companies subject to this section to maintain tariffs for their nonbasic services with the Commission. Changes to these tariffs are presumptively valid and become effective with fifteen days' notice. The key provision of this section states that rate increases

. . . for any nonbasic service category shall not exceed 6 percent within a 12-month period until there is another provider providing local telecommunications service in an exchange area at which time the price for any nonbasic service category may be increased in an amount not to exceed twenty percent within a 12-month period, and the rate shall be presumptively valid. (Section 364.051(5)(a), F. S.)

BST has been a price-regulated LEC since January 1, 1996, and thus is subject to Section 364.051(5)(a), Florida Statutes. Until this filing, BST had charged both residential and business customers a late payment penalty fee of 1.50% on any unpaid balance greater than \$1.00. BST called this late payment penalty fee a "late payment charge." Prior to this filing, BST's late payment charge was classified in the miscellaneous nonbasic services basket. Now, BST's late payment penalty consists of a fixed rate of \$1.50 and \$9.00 for residential and business customers, respectively, and a 1.50% rate applicable to any unpaid balance in excess of \$6.00. However, BST distinguishes the two late payment penalties (the fixed and percentage rates) for purposes of monitoring compliance with Section 364.051(5)(a), F.S. Although the flat charges are included in the miscellaneous nonbasic services basket, BST contends that the 1.50% interest charge applicable to any unpaid balance in excess of \$6.00 is not subject to Section 364.051(5)(a), F.S. Alternatively, BST suggests that should the Commission rule that the interest charge is subject to Section 364.051(5)(a), F.S.,

then the Commission should find that the interest charge is a new service and therefore is exempt from the miscellaneous services basket calculations.

At the crux of this proceeding is the question of whether BST's change of name and threshold level for a given penalty fee can exclude the revenue realized from this penalty fee from being considered part of BST's telecommunications services revenue, even though BST's core business is in telecommunications services.

In its brief, representative of the Citizens of Florida, the Office of Public Counsel (Citizens or OPC), assert that BST has assessed a 1.50% monthly fee on a customer's unpaid balance in excess of \$1.00 for approximately thirteen years. (Citizens BR at 1) The Citizens argue that BST's tariff revision of July 9, 1999, created a "new" monthly charge of 1.50% on an end user's unpaid balance in excess of six dollars and named it an interest charge, in addition to the new fixed charge of \$1.50 for residential customers and \$9.00 for business customers. (Citizens BR at 1) The Citizens further argue that "except for the new name and threshold amount, this 1.5% charge on late payments is identical to the late payment charge that had been in existence for approximately thirteen years." (Citizens BR at 1)

In its brief, the Citizens state that although Chapter 364, Florida Statutes (Chapter 364), does not define the term "service," Section 364.02(11), Florida Statutes, states that the term "service" should be construed in its broadest and most inclusive sense. OPC contends that the 1995 re-write of Chapter 364 does not provide the slightest hint that it was the legislative intent to exclude late payment or interest charges from any form of price regulation. (Citizens BR at 3) The Citizens assert that

[T]he broad and all inclusive construction of the term "service," together with the residual definition for the term "nonbasic service," lead inescapably to the conclusion that the late payment charge, which was in existence long before the re-write of [C]hapter 364, must be included in the definition of nonbasic service. (Citizens BR at 3-4)

According to the Citizens, BST had generally treated the 1.50% monthly charge it assessed customers on any unpaid balances in excess of \$1.00 as a nonbasic service until its proposed

restructuring in 1999. (Citizens BR at 4) The Citizens argue that on numerous occasions, BST continued to assert " that its late payment charge -- a 1.5% charge on unpaid balances in excess of \$1.00 -- was a nonbasic service." (Citizens BR at 4) The Citizens maintain that BST itself, in construing the legislative intent of the 1995 re-write of Chapter 364, ". . . declared [that] its 1.5% late payment fee to be a non basic service." (Citizens BR at 5) The Citizens insist that throughout the entire period when the Commission worked to implement the new law (the 1995 re-write of Chapter 364), BST represented its 1.50% fee for late payment as a nonbasic service. (Citizens BR at 5) The Citizens continue that even in June 1997, BST continued to maintain that its 1.50% late payment fee on unpaid balances in excess of \$1.00 was a nonbasic service, when BST included the 1.50% fee in the miscellaneous category of the nonbasic services basket in a tariff filing that sought to increase this fee from 1.50% to 1.63%. (Citizens BR at 5-6) The Citizens further argue that in its June 1997 filing, BST indicated that the proposed increase for the late payment charge from 1.50% to 1.63% was still within the allowable 6% increase to the miscellaneous nonbasic services category. (Citizens BR at 5-6)

The Citizens argue that regardless of what BST calls it,

[I]f the previous late payment charge of 1.5% on unpaid balances in excess of \$1.00 belonged to the miscellaneous nonbasic service category, then the so-called new interest charge of 1.5% on unpaid balances in excess of \$6.00 also belongs to the category, no matter what BellSouth calls it. (Citizens BR at 6)

The Citizens conclude that the nature of the charge does not change simply because the name is changed. (Citizens BR at 6)

In its brief, BST argues that its interest charge is not a "derivative telecommunications service," and it is not "another rate element"; instead, it is a fee designed to recover the costs for the loss of use of monies as BST, American Express or Ford Motor Credit all impose. (BST BR at 7) Further, BST argues that since an interest charge is a type of service distinct from telecommunications, it is therefore neither a telecommunications service nor part of a telecommunications service. BST thus concludes that "an interest charge cannot be a nonbasic service governed by section 364.051(5)(a)." (BST BR at 7)

In its brief, BST states that the interest charge is not a fee ". . . for a telecommunications service and, therefore, is not subject to Section 364.051(5) (a) as a rate element of any existing nonbasic telecommunications service covered by the statute." (BST BR at 11) BST continues that the statutes define nonbasic service "as any telecommunications service provided by a local exchange telecommunications company other than a basic local telecommunications service, a local interconnection arrangement . . . , or a network access service." (BST BR at 11) BST argues that this Commission previously determined that a service is not a "telecommunications service" just because it is provided by a telecommunications company; instead, a service is determined to be a telecommunications service because of its "functional analysis."¹ (BST BR at 11-12) BST further argues that Federal law uses the same functional analysis to determine whether a service is a telecommunications service. BST notes that the D.C. Circuit Court ruled that "[W]hether an entity in a given case is to be considered a common carrier' and, thus, regulated like a telephone company, turns not on that entity's usual status but 'on the particular practice under surveillance.'" (BST BR at 12) BST contends that applying this functional analysis to its late payment interest charge "demonstrates that BellSouth's interest charge is not a telecommunications service," for the simple fact that an interest charge lacks the transmission of information characteristics of a telecommunications service. (BST BR at 12) BST asserts that "[R]ecouping the cost of the loss of use of money, whether under a narrow or the 'broadest and most inclusive' definition of that term, is obviously not telecommunications." (BST BR at 12)

BST argues that the late payment interest charge is not a "fee for any service, new or old, regulated by Section 364.051(5) (a)." (BST BR at 18) However, BST argues that should the Commission find that the late payment interest charge is a nonbasic service, BST proposes that the Commission construe the late payment interest charge as a new service in the nonbasic services miscellaneous basket category. (BST BR at 18) BST contends that for the Commission to rule otherwise, the Commission "would work considerable unfairness on BellSouth, contrary to the directions of the Florida legislature." (BST BR at 19) BST states that the late

¹ Staff understands BST's use of the term "functional analysis" to mean that a service is classified by examining its nature and use(s). (Order No. PSC-96-1545-FOF-TP at 4)

payment interest charge that it instituted in 1986 was designed to "recoup the 'costs of collection' on delinquent accounts." (BST BR at 19) However, BST argues that the restructured interest charge allows BST to recover "the costs imposed by untimely payment alone, such as the cost of borrowing money to meet cashflow needs or loss of the interest BellSouth could have earned on the money if paid on time." (BST BR at 19) Thus, BST asserts that the restructured interest charge ". . . pays for a new service, loss of the use of money," which although different from the late payment charge, (BST BR at 7) yet both interest charges have a similar trigger -- a customer's action of untimely payment. (BST BR at 7) BST contends that the fact that a customer's single action triggers two charges is not sufficient reason to construe the charges to be rate elements of a single telecommunications service. (BST BR at 19) BST therefore argues that

[B]ecause BellSouth has never previously imposed an interest charge on late payments, it should be treated as a new service, even though the imposition of that charge is triggered by an event that also results in the imposition of an existing charge, namely the late payment charge. (BST BR at 20)

BST contends that treating the restructured interest charge as a new rate element of an existing telecommunications service effectively punishes BST for instituting the 1986 late payment charge. (BST BR at 8)

BST argues that its tariff does not violate Section 364.051(5)(a), F.S., and that the restructuring of its late payment charge from a variable to a fixed amount is allowed under the price cap provisions in Section 364.051(5)(a) for nonbasic services. (BST BR at 21) Therefore, BST argues that its restructured interest charge does not violate Section 364.051(5)(a), F.S., because it recovers the cost of money and is also governed by the usury laws. (BST BR at 21-22) BST further argues that even if the Commission rules that the restructured interest charge is a telecommunications service, the Commission should nevertheless rule that the restructured interest charge is ". . . a new service because BellSouth has never before imposed a charge based on the costs of delayed payment." (BST BR at 22) BST concludes that if the restructured interest charge is determined to be an unlawful increase to the nonbasic services miscellaneous basket, BST proposes to calculate customers' refunds based on the amounts paid

under the restructured interest charge from August 1999 through the date on which the Commission's decision becomes final and non-appealable. (BST BR at 22) BST states that it will refund each customer

. . . the amount of interest paid during this period. If possible, such refunds will be made by crediting the amount of interest charged on the customer's bill. When BellSouth cannot provide a refund through bill credits, it will send the customer a draft for the appropriate amount.

BellSouth will make such refunds within 120 days of the date on which the decision of this Commission becomes final and nonappealable. (BST BR at 22)

Analysis

In Order No. PSC-01-0228-PCO-TL, issued on January 23, 2001, the parties agreed to stipulate to the facts in this proceeding. (Order No. PSC-01-0228-PCO-TL at 3) Thus, there are no factual disputes between the parties. Some of the pertinent facts that have been stipulated:

- In 1986, BST instituted a late payment charge as a variable amount of 1.50% on all unpaid balances in excess of \$1.00 of a customer's bill. (EXH 5, p. 3)
- In 1996, BST represented to staff that its LPC belongs in the miscellaneous basket of the nonbasic services category. (EXH 20, p. 12)
- Although the filing was later withdrawn, in 1997, BST filed a proposed tariff revision to increase its LPC from 1.50% to 1.63%. BST represented this proposed filing as revisions to its miscellaneous basket of the nonbasic services category. (EXH 21, p. 10)
- In 1999, BST filed a tariff revision to restructure its LPC into a fixed rate of \$1.50 and \$9.00 for residential and business customers, respectively, and a variable rate of 1.50% on all unpaid balances in excess of \$6.00. (EXH 16, p. 3)

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The question remaining before the Commission is how Section 364.051(5)(a), F.S., applies to BST's 1999 tariff filing that restructured its 1986 LPC. BST has represented that the 1986 LPC belongs in the miscellaneous basket category of the nonbasic services. (EXH 18, p. 7) However, with BST's restructuring of the 1986 LPC into fixed and variable charges for both residential and business customers, BST now contends that the variable percentage charge should not be included in the miscellaneous basket of the nonbasic services category; thus, it is not subject to Section 364.051(5)(a), F.S. (EXH 7, p. 2)

BellSouth argues that Section 364.051(5)(a), F.S., is not applicable to the new interest charge and would have this Commission believe that the restructured interest charge is not a telecommunications service. (BST BR at 7) BST argues that "[T]he interest charge pays for a new service, loss of the use of money," (BST BR at 7) However, staff believes that the term "service" should be construed in the "broadest" sense of the word. Staff believes that BST's interest charge is a "service" that BST renders to its delinquent telecommunications customers. Staff believes that through the use of its interest charge, BST is able to keep these delinquent customers as telecommunications subscribers. The alternative is for BST to terminate the accounts of all delinquent customers. Staff believes that the interest charge is a "service" BST renders its delinquent customers for carrying their unpaid balances. In turn, BST uses the realized revenues to offset the loss of use of the unpaid monies.

Staff notes that BST argues that the interest charge ". . . lacks the characteristic - the transmission of information - found in the other services regulated as telecommunications services under the price cap statute." (BST BR at 12) However, staff believes that a functional analysis of the interest charge, based on its nature and use, shows that it is assessed on a customer's use of telecommunications service with the desired result being to improve cashflow for BST's telecommunications services' operations. (BST BR at 19) Staff believes that absent BST's core telecommunications operations, BST would not have the ability to assess this interest charge on its customers. Therefore, staff believes that it is reasonable to conclude that the restructured interest charge is a derivative service stemming from BST's telecommunications operations. Staff believes the revenues derived from the interest charge should be construed as part of BST's telecommunications operations. As such, this revenue should be

included in the miscellaneous nonbasic services category along with the fixed rated LPC.

BellSouth further asserts that if the Commission concludes that the restructured interest charge is a telecommunications service, it should be considered a new service for purposes of price-cap treatment. For monitoring compliance with Section 364.051(5)(a), F.S., revenues for a new nonbasic service are excluded from the basket calculation for the first twelve (12) months that the service is offered. Thereafter, these revenues become part of the basket's benchmark revenues. However, in filing its tariff revision to restructure its LPC, nowhere in that filing did BST ever indicate that it was introducing a new service in the form of an interest charge. Instead, BST stated that

[T]his tariff will **revise** the Late Payment Charge for Florida subscribers. Effective August 28, 1999, the Late Payment Charge for residence subscribers will be \$1.50 **plus an interest charge** of 1.5 percent on the unpaid balance. Also, effective August 28, 1999, the Late Payment Charge for business subscribers will be \$9.00 **plus an interest charge** of 1.5 percent on the unpaid balance. (Attachment -A, Letter) (emphasis added)

BST represented this filing as a mere tariff revision simply intended to restructure its LPC into a flat charge and a variable percentage rate of 1.50%. In numerous places in that filing, BST represented the interest charge to be in addition to the fixed rate using words like "plus," and "will add an." (Attachment - A, Letter and Executive Summary) In the revised tariff pages, BST indicated that the interest charge was a change in regulations or tariffs, using the tariff revision symbol of "C," as opposed to a tariff revision symbol of "N," which denotes a new rate, regulation or text. (Attachment - A, Third Revised Page 19)

Staff is not convinced that the revised interest charge is a new service. (BST BR at 18) Even if the interest charge is intended to recover the cost of money, this by itself is not sufficient to make the revised interest charge a new service. To be classified as a new service, the interest charge will have to service a "concern" or "issue" that BST has never addressed. (BST BR at 20) This is not the case, because the 1986 LPC was aimed at recovering ". . . the costs associated with administering the collection process . . ." on a customer's delinquent account. Similarly, the

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new interest charge is aimed at recovering ". . . the cost of money associated with delinquent payments." (EXH 7, p.1) It is clear that both the 1986 LPC and the 1999 new interest charge are associated with delinquent customer's accounts. Thus, staff believes that the new interest charge is an expansion of BST's 1986 late payment fee, as stated in BST's July 6, 2000, correspondence to Mrs. Bayo. This correspondence reads in part:

On July 7, 1999, BellSouth filed a tariff restructuring its late payment charge and adding a new interest charge. Specifically, BellSouth restructured its 1.5% late payment charge to a flat rate fee of \$1.50 for residence customers and \$9.00 for business. **The tariff was further revised so that the late payment charge would apply only to past due accounts greater than \$6.00.** A new charge of 1.5% was added as an **interest charge** to recover the cost of money associated with delinquent payments. **The interest charge is applied only to past due accounts greater than \$6.00.** (EXH 7, p.1) (emphasis added)

Staff observes that although BST argues that the fixed rate LPC and the new interest charge are separate charges, in its July 6, 2000 correspondence BST represented to this Commission that both the fixed rate LPC and the new interest charge are applied to a customer's past due account over \$6.00.

Comparing the structures of the 1986 LPC and the 1999 LPC, the charges in both filings are triggered by a customer's non-payment of telecommunications services. Thus, staff does not believe that either of the rate elements in the 1999 filing constitutes a new service; instead, BST has merely introduced a new method of assessing a penalty on late payments.

Using BST's calculations in this filing, the revenue impact of the restructure to a fixed late payment penalty (i.e., \$1.50 LPC for residential and \$9.00 LPC for business customers) increases the miscellaneous services basket by 5.01%. (Attachment - A, Price Out) Staff notes that the revenue impact of the 1.50% interest charge (that BST argues should not be included in the basket calculation) is approximately 10 times the fixed LPC. (Attachment - A, Executive Summary) At this rate, the effective price increase to the Miscellaneous Services Basket is in excess of 50%. Staff contends that absent the separation of these penalties as BST contends is appropriate, BST is clearly in violation of Section 364.051(5) (a),

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Florida Statutes, and Order No. PSC-96-0012-FOF-TL, issued on January 4, 1996.

Change in Basket due to BST's LPC Restructuring

	Current Basket Revenue	Proposed Basket Revenue	Change in Basket Revenue	% change in Basket Revenue
Rate Element				
Miscellaneous Basket	\$44,808,752	\$44,808,752	0	
1986 1.50% LPC (on unpaid balances greater than \$1.00)	0	(\$30,258,230)	(\$30,258,230)	
1999 Fixed LPC (Res. & Bus.)	0	32,500,923	32,500,923	
Sub-Total (per BST)	\$44,808,752	\$47,051,445	\$2,242,693	5.01
1999 1.50% Interest Charge (on unpaid balances greater than \$6.00)	0	23,636,356	23,636,356	
(Basket) Grand Total	\$44,808,752	\$70,687,801	\$25,879,049	57.75

Staff agrees with BST that revenues from new services are not initially included for purposes of basket monitoring. However, the new interest charge is an expansion of BST's 1986 LPC, intended to recover the loss of the use of customers' unpaid monies. Therefore, staff believes that BST's tariff restructuring adds another rate element (i.e., the percentage interest charge in addition to the "fixed dollar" charge) to the existing late payment charge, and should not be construed to be the same as introducing a new telecommunications service. Thus, the reclassified 1.50% interest charge (which was formerly the LPC) results in an increase in late payment revenues, regardless of what it is called, and should therefore be included in the basket calculation.

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Staff agrees with OPC that since the 1986 LPC belonged in the miscellaneous services basket, then the restructured interest charge should likewise be so classified, regardless of what it is called. (Citizens BR at 6) Staff again observes that BST's filing to restructure its LPC lacks the necessary tariff revisions symbol which would indicate that BST had intended for the restructured interest charge to be construed as a new service. (Attachment - A, Third Revised Page 19) Indeed, BST's tariff filing appears to indicate that BST intended for this tariff filing to be a tariff revision to "add" a new rate element to the existing late payment penalty charge. (Attachment - A, Executive Summary) Therefore, staff believes that the record does not support BST's assertion that its restructured interest charge is not a part of BST's late payment charge. Staff believes that the restructured interest charge is not a new service; instead, staff concludes that the restructured interest charge is another rate element of BST's late payment penalty fee structure, even if designed to recover a different cost than the fixed rate LPC. Thus, staff believes that since the 1986 late payment charge belonged in the miscellaneous services basket for purposes of monitoring compliance with Section 364.051(5)(a), the new rate element should likewise be included in the miscellaneous services basket. Staff agrees with OPC that the "nature of the charge does not change simply by changing its name." (Citizens BR at 6)

Looking at BST's tariff filing to restructure its 1986 LPC as part of the miscellaneous services basket, it is obvious that the BST filing is in violation of Section 364.051(5)(a), F.S. However, the parties seemingly agree that the fixed rate portion of BST's LPC restructuring is part of the miscellaneous services basket, and that it is not in violation of the 6% price increase cap. BST has proposed that if the Commission finds that the new interest charge on unpaid balances over \$6.00 is in violation of Section 364.051(5)(a), F.S., the Commission should allow it to refund the monies that it has collected as a result of the new interest charge. (BST BR at 22) OPC did not brief this issue. Any refunds related to the LPC would be governed by Commission Rule 25-4.114, Florida Administrative Code and the tariff provisions that were in effect at the time of BST's tariff filing. As a practical matter, it is nearly impossible to calculate accurately who would be due a refund based on the tariff provisions in effect prior to July 9, 1999. For example, it would be virtually impossible to estimate how many customers have unpaid balances falling within the gap between \$1.00 and \$6.00. Therefore, since BST has proposed to

refund all the monies it has collected from applying the 1.50% on unpaid balances over \$6.00, staff believes that this is reasonable since this is the portion of the restructuring that is contested. Thus, staff agrees with BST that the refund should be based on ". . . the amount of interest paid during this period." (BST BR at 22) Pursuant to Rule 25-4.114(1), Florida Administrative Code, the Commission may order refunds in a manner it deems appropriate. Staff recommends that the Commission approves BellSouth's proposal to refund customers as appropriate in this situation.

Conclusion

Based on the above arguments, staff believes that BST's July 9, 1999, tariff filing restructured its 1986 LPC into fixed and variable rate elements. Staff further believes that even if the two rate elements are designed to recover different costs with respect to delinquent customer accounts, the two rate elements together constitute BST's late payment charge. Thus, staff concludes that the interest charge is not a "new" service and that the revenues realized from the interest charge, just like the revenues realized from the fixed rate LPC, belong in the miscellaneous services basket for monitoring compliance with Section 364.051(5)(a).

Staff recommends that the Commission conclude that BST's tariff filing in T-991139 violates Section 364.051(5)(a), Florida Statutes, and that BST should discontinue assessing the restructured 1.50% interest charge on unpaid balances in excess of \$6.00 upon the issuance of an order. The Commission should order BST to refund all amounts collected through the restructured interest charge of 1.50% on all unpaid balances in excess of \$6.00, with interest, to all affected customers within 120 days of a final order. Staff further recommends that this refund be made in the form of a credit to the customer's bill; where BST cannot provide a refund through a bill credit, BST should send the customer a check for the appropriate amount.

DOCKET NO. 000733-TL
DATE: August 2, 2001

ISSUE 4: Should this docket be closed?

RECOMMENDATION: Yes. (B. KEATING, CHRISTENSEN)

STAFF ANALYSIS: Yes, this docket should be closed upon the issuance of the final order.



BellSouth Telecommunications, Inc. 850 224-7798
Suite 400 Fax 850 224-5073
150 South Monroe Street
Tallahassee, Florida 32301-1556

Marshall M. Criser, III
Regulatory Vice President

T-991139

RECEIVED

JUL 09 1999

CMU

July 9, 1999

Mr. Walter D'Haeseleer
Director, Division of Communications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Gerald L. Gunter Building, Room 270
Tallahassee, Florida 32399-0850

Dear Mr. D'Haeseleer:

Pursuant to Florida Statute 364.051, we are filing a revision to our General Subscriber Service Tariff. Following are the affected pages.

General Subscriber Service Tariff

- Section A2 - Third Revised Page 19
- Second Revised Page 20

Private Line Services Tariff

- Section B2 - First Revised Page 14

This tariff filing will revise the Late Payment Charge for Florida subscribers. Effective August 28, 1999, the Late Payment Charge for residence subscribers will be \$1.50 plus an interest charge of 1.5 percent on the unpaid balance. Also effective August 28, 1999, the Late Payment Charge for business subscribers will be \$9.00 plus an interest charge of 1.5 percent on the unpaid balance.

The following attachment provides additional supporting and explanatory information for the proposed tariff revision. The attachment constitutes a comprehensive package which fulfills the basic requirements for supporting data specified in Chapter 25-9 F.A.C.

Attachment A - Executive Summary

Acknowledgment, date of receipt, and authority number of this filing are requested. A duplicate letter of transmittal is attached for this purpose.

Your consideration and approval will be appreciated.

Yours very truly,

Marshall M. Criser III ^{NMS}

Regulatory Vice President

Attachments

EXECUTIVE SUMMARY

Introduction

This tariff filing will revise the Late Payment Charge for Florida subscribers effective August 28, 1999. There will be no changes to the Late Payment Charge for county and municipal governments that will remain at one percent.

Description of Proposed Tariff

Effective August 28, 1999, the proposed tariff will change the Late Payment Charge for residence subscribers to \$1.50 and will add an interest charge of 1.5 percent on the unpaid balance. It will also change the Late Payment Charge for business subscribers to \$9.00 and will add an interest charge of 1.5 percent on the unpaid balance. The other tariff regulations for the Late Payment Charge will remain unchanged. Currently the Late Payment Charge is applied on unpaid balances greater than \$1.00. Under the proposed tariff, the Late Payment Charge and interest charge will only apply on unpaid balances greater than \$6.00.

Revenue/Cost Information

The Company estimates a total incremental Late Payment Charge revenue of \$2,242,693 per year which is within the six percent increase allowed for the Miscellaneous Service Basket. The total incremental revenue as a result of the new interest charge is estimated to be \$23,636,356.

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA
ISSUED: ~~December 22, 1999~~ July 9, 1999
BY: Joseph P. Lacher, President - FC
Miami, Florida

GENERAL SUBSCRIBER SERVICE TARIFF

T - 991139
~~1st~~ 2nd

Second Revised Page 19
Cancels First Revised Page 19
Second
EFFEKTIVE: ~~January 6, 1998~~
July 24, 1999

LEGISLATIVE FORMAT PAGE

A2. GENERAL REGULATIONS

A2.4 Payment Arrangements and Credit Allowances (Cont'd)

A2.4.3 Payment for Service (CONT'D)

- 13% (12)
= 18%
Annex
- C. Effective August 28, 1999, a 4-Late Payment Charge of \$1.50 plus an interest charge of 1.50 percent on the unpaid balance exceeding \$6.00 for residence subscribers and a Late Payment Charge of \$9.00 plus an interest charge of 1.5 percent on the unpaid balance exceeding \$6.00 for business subscribers will be applied to each subscriber's customer's bill. (including amounts billed in accordance with the Company's Billing and Collections Services Tariff) when the previous month's bill has not been paid in full prior to the next billing date. The 1.50 percent interest charge is applied to the total unpaid amount carried forward and is included in the total amount due on the current bill. This Tariff shall apply to federal and state government pursuant to existing statutes applicable to those governmental entities. Effective January 1, 1992, county and municipal governments will be assessed a 1 percent Late Payment Charge in accordance with the provisions of the Florida Prompt Payment Act, Section 218.70-218.79, Florida Statutes. (c)
- D. Should service be suspended for nonpayment of charges, it will be restored only as provided under "Restoration Charge" in Section A4. of this Tariff.
- E. When the service has been disconnected for nonpayment, the service agreement is considered to have been terminated. Reestablishment of service may be made only upon the execution of a new service agreement which is subject to the provisions of this Tariff.
- F. In its discretion, the Company may restore or reestablish service which has been suspended or disconnected for nonpayment of charges, prior to payment of all charges due. Such restoration or reestablishment shall not be construed as a waiver of any rights to suspend or disconnect service for nonpayment of any such or other charges due and unpaid or for the violation of the provisions of this Tariff; nor shall the failure to suspend or disconnect service for nonpayment of any past due account or accounts operate as a waiver or estoppel to suspend or disconnect service for nonpayment of such account or of any other past due account.
- G. Bills for service shall not be considered delinquent prior to the expiration of fifteen days from the date of mailing or delivery by the company. However, the company may demand immediate payment under the following circumstances:
1. Where service is terminated or abandoned.
 2. Where toll service is two times greater than the subscriber's average usage as reflected on the monthly bills for the three months prior to the current bill or, in the case of a new customer who has been receiving service for less than four months, where the toll service is twice the estimated monthly toll service.
 3. Where the Company has reason to believe that a business subscriber is about to go out of business or that bankruptcy is imminent for that subscriber.
- H. Toll Credit Limit (TCL)
- Toll Credit Limit (TCL) is an interim phase of toll denial in lieu of local service denial. It offers subscribers the option of toll restriction while paying a deposit or an overdue bill balance on an installment basis.
1. ~~(DELETED)~~
 2. The Toll Credit Limit process shall apply for subscribers requesting new service with no outstanding bill balance, subscribers requesting new service with unpaid balances from previous service, and for existing subscribers with overdue outstanding charges.
 - a. New Service With No Outstanding Charges For Previous Service
When the Company deems it necessary for a subscriber requesting new service to pay a deposit and the subscriber is unable to pay the deposit in full, the subscriber may be allowed to pay the deposit in up to four (4) installments if the subscriber agrees to a full toll restriction of the service, at no charge, until the deposit is paid in full.
An arrangement may be made to waive the deposit if the subscriber chooses to have a full toll restriction on the requested service until satisfactory credit has been established.
 - b. New Service With Outstanding Charges For Previous Service
Residence subscribers requesting new service who have outstanding charges from previous service with the Company, which have not yet been referred to an outside collection agency, will be allowed to select full toll restriction of the service until the charges are paid in full. These subscribers can make arrangements to pay the charges in up to four installments.

BELL SOUTH
TELECOMMUNICATIONS, INC.
FLORIDA
ISSUED: ~~July 22, 1997~~ July 9, 1999
BY: Joseph P. Lacher, President - FI
Miami, Florida

GENERAL SUBSCRIBER SERVICE TARIFF

LEGISLATIVE FORMAT PAGE

Second ~~Revised~~ Page 20
Cancel Original Page 20
First Revised
EFFECTIVE: ~~July 9, 1997~~
July 24, 1999

A2. GENERAL REGULATIONS

A2.4 Payment Arrangements and Credit Allowances (Cont'd)

A2.4.3 Payment for Service (Cont'd)

H. Toll Credit Limit (TCL) (Cont'd)

1. (Cont'd)

c. Existing Service

Residence subscribers with overdue bill balances who are unable to pay the charges in full may be allowed to retain their local service if they elect to have a full toll restriction placed on their existing service, at no charge, until the charges are paid. These subscribers may arrange to pay the outstanding balance in up to four installment payments.

(Handwritten initials)

A2.4.4 Allowance for Service Outages

When the use of service or facilities furnished by the Company becomes unavailable due to any cause other than the negligence or willful act of the subscriber or the failure of the facilities provided by the subscriber, a pro rata adjustment of the fixed monthly charges involved will be allowed, for the service and facilities rendered useless and inoperative by reason of the service outage during the time the outage continues in excess of twenty-four hours from the time it is reported to or detected by the Company, except as otherwise specified in this tariff. The adjustment shall not be applicable for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work. For the purpose of administering this regulation, every month is considered to have thirty days.

(Handwritten initials)

A2.4.5 Provision for Certain Local Taxes and Fees

When a municipality or political subdivision of the state charges the Company any license, occupational, franchise, inspection or other similar tax or fee, whether in a lump sum, or at a flat rate, or based on receipts, or based on poles, wires, conduits or other facilities, the aggregate amount of such taxes and fees will be billed, insofar as practical, pro rata to exchange subscribers receiving service in the municipality or political subdivision.

A2.4.6 Provision for Certain Local Ordinance Costs

When the Company by virtue of its compliance with a municipal or county ordinance, incurs significant costs that would not otherwise normally be incurred, all such costs shall be billed, insofar as practical, pro rata, per exchange access line, to those subscribers receiving exchange service within the municipality or county as part of the price for exchange service.

An estimated monthly amount of such costs shall be billed to the affected subscribers each month and an adjustment to reconcile these estimates to the actual costs incurred for the six month periods ending June 30 and December 31 of each year shall be applied.

Charges for permits, licenses or fees required by governing authorities for installing any telephone wire in a building will be billed by the Company to the requesting party.

A2.4.7 Reserved for Future Use

A2.4.8 Variable Term Payment

A. In the event that all or any part of the service is disconnected at the customer's request prior to the expiration of any selected payment period of greater than one month's duration, the customer will be required to pay the applicable termination charge as stated in the Access Service Tariff, the Private Line Service Tariff and this Tariff. The tariff provisions concerning termination liability shall be inapplicable to any state, county, or municipal governmental entity when there is in effect, as a result of action by such entity and through a duly constituted legislative, administrative, or executive body:

1. a statute;
2. an ordinance;
3. a policy directive; or
4. a constitutional provision

which restricts or prohibits an additional contractual payment for early termination of a contract by any such entity, or agency thereof, due to an unavailability of funding. When service is being provided and funding to the governmental entity for such service becomes unavailable, the governmental entity may cancel the service without additional payment obligation.

Material appearing on this page previously appeared on page(s) 19 of this tariff.

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

PRIVATE LINE SERVICES TARIFF

First Revised Original Page 14
Cancels Original Page 14

ISSUED: ~~July 1, 1998~~ July 9, 1999
BY: Joseph P. Lacher, President-FL
Miami, Florida

LEGISLATIVE FORMAT PAGE

EFFECTIVE: ~~July 1, 1998~~
July 29, 1999

B2. REGULATIONS

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.1 Payment of Charges and Deposits (Cont'd)

- B. Applicants for service who have no account with the Company or whose financial responsibility is not a matter of general knowledge, may be required to make an advance payment at the time an application for service is placed with the Company, equal to the service connection or installation charges, if applicable, and at least one month's charges for the service provided. In addition, where the furnishing of service involves an unusual investment, applicants may be required to make payment in advance of such portion of the estimated cost of the installation or construction as is to be borne by them. The amount of the advance payment is credited to the customer's account as applying to any indebtedness of the customer for the service furnished.
- C. The Company may, in order to safeguard its interests, require an applicant or customer to make such deposit as the Company deems suitable to be held by the Company as a guarantee of the payment of charges. The fact that a deposit has been made in no way relieves the applicant or customer from complying with the Company's regulations as to advance payments or the prompt payment of bills on presentation. At such time as the service is terminated the amount of the deposit is credited to the customer's account and any credit balance which may remain is refunded. At the option of the Company such a deposit may be refunded in all or part or credited to the customer at any time prior to the termination of the service. In case of a cash deposit, interest is paid at the rate of 6% per annum to begin and run from the date said deposit is made except that no interest shall apply on a deposit unless the deposit and the service have been in existence for a continuous period of six months.
- D. The Company reserves the right to increase the deposit requirement when in its judgment the conditions justify such action.
- E. Effective April 1, 1996, a charge of \$20.00 or 5 percent of the face value of the check, whichever is greater, will apply whenever a check or draft presented for payment for service is not accepted by the institution on which it is written. For a check or draft written prior to this date, a charge of \$15.00 will apply.
- F. Effective August 28, 1999, a Late Payment Charge of \$1.50 plus an interest charge of 1.5 percent on the unpaid balance exceeding \$6.00 for residence subscribers and a Late Payment Charge of \$9.00 plus an interest charge of 1.5 percent on the unpaid balance exceeding \$6.00 for business subscribers will be applied. 1-12% applies to each subscriber's customer's bill when the previous month's bill (including amounts billed in accordance with the Company's Billing and Collections Services Tariff) has not been paid in full prior to the next billing date. The 1.5-1-12% interest charge is applied to the total unpaid amount carried forward and is included in the total amount due on the current bill. Late payment charges to governmental entities shall be the maximum allowed by law but no more than 1.0 percent 1-12% per month.
- G. At the option of the customer, all nonrecurring charges associated with an order for service may be billed over a three month period subject to the following:
 - 50% of the total nonrecurring charges will be billed in the first monthly billing period after the charges are incurred, and 25% of the total nonrecurring charges plus an Extended Billing Plan Charge will be billed in each of the following two monthly billing periods.
 - The Extended Billing Plan Charge is calculated at a rate of 1.0% per month or 12% annually, on the unbilled balance of the nonrecurring charges.
 - If the customer disconnects service before the expiration of the plan period, all unbilled charges plus the Extended Billing Plan charge, if applicable, will be included in the final bill rendered.
 - If the customer fails to make any of the payments prior to the next billing date these late payment charges as specified in F. preceding will apply.

~~Note 1: Text is shown as now due to review of all Tariff Sections. No changes in rates or regulations were made with this filing.~~

Note 13: Nonpayment of this charge will not constitute sufficient cause for interruption or cancellation of service.

BELLSOUTH
TELECOMMUNICATIONS, INC.

GENERAL SUBSCRIBER SERVICE TARIFF

FLORIDA

ISSUED: July 9, 1999

BY: Joseph P. Lacher, President -FL
Miami, Florida

A2. GENERAL REGULATIONS

A2.4 Payment Arrangements and Credit Allowances (Cont'd)

A2.4.3 Payment for Service (Cont'd)

- C. *Effective August 28, 1999, a Late Payment Charge of \$1.50 plus an interest charge of 1.5 percent on the unpaid balance exceeding \$6.00 for residence subscribers and a Late Payment Charge of \$9.00 plus an interest charge of 1.5 percent on the unpaid balance exceeding \$6.00 for business subscribers will be applied to each subscriber's bill, (including amounts billed in accordance with the Company's Billing and Collections Services Tariff) when the previous month's bill has not been paid in full prior to the next billing date. The 1.5 percent interest charge is applied to the total unpaid amount carried forward and is included in the total amount due on the current bill. This Tariff shall apply to federal and state government pursuant to existing statutes applicable to those governmental entities. Effective January 1, 1992, county and municipal governments will be assessed a 1.0 percent Late Payment Charge in accordance with the provisions of the Florida Prompt Payment Act, Section 218.70-218.79, Florida Statutes.*
- D. Should service be suspended for nonpayment of charges, it will be restored only as provided under "Restoration Charge" in Section A4. of this Tariff.
- E. When the service has been disconnected for nonpayment, the service agreement is considered to have been terminated. Reestablishment of service may be made only upon the execution of a new service agreement which is subject to the provisions of this Tariff.
- F. In its discretion, the Company may restore or reestablish service which has been suspended or disconnected for nonpayment of charges, prior to payment of all charges due. Such restoration or reestablishment shall not be construed as a waiver of any rights to suspend or disconnect service for nonpayment of any such or other charges due and unpaid or for the violation of the provisions of this Tariff; nor shall the failure to suspend or disconnect service for nonpayment of any past due account or accounts operate as a waiver or estoppel to suspend or disconnect service for nonpayment of such account or of any other past due account.
- G. Bills for service shall not be considered delinquent prior to the expiration of fifteen days from the date of mailing or delivery by the company. However, the company may demand immediate payment under the following circumstances:
1. Where service is terminated or abandoned.
 2. Where toll service is two times greater than the subscriber's average usage as reflected on the monthly bills for the three months prior to the current bill or, in the case of a new customer who has been receiving service for less than four months, where the toll service is twice the estimated monthly toll service.
 3. Where the Company has reason to believe that a business subscriber is about to go out of business or that bankruptcy is imminent for that subscriber.

H. Toll Credit Limit (TCL)

Toll Credit Limit (TCL) is an interim phase of toll denial in lieu of local service denial. It offers subscribers the option of toll restriction while paying a deposit or an overdue bill balance on an installment basis.

1. The Toll Credit Limit process shall apply for subscribers requesting new service with no outstanding bill balance, subscribers requesting new service with unpaid balances from previous service, and for existing subscribers with overdue outstanding charges.

a. New Service With No Outstanding Charges For Previous Service

When the Company deems it necessary for a subscriber requesting new service to pay a deposit and the subscriber is unable to pay the deposit in full, the subscriber may be allowed to pay the deposit in up to four (4) installments if the subscriber agrees to a full toll restriction of the service, at no charge, until the deposit is paid in full.

An arrangement may be made to waive the deposit if the subscriber chooses to have a full toll restriction on the requested service until satisfactory credit has been established.

b. New Service With Outstanding Charges For Previous Service

Residence subscribers requesting new service who have outstanding charges from previous service with the Company, which have not yet been referred to an outside collection agency, will be allowed to select full toll restriction of the service until the charges are paid in full. These subscribers can make arrangements to pay the charges in up to four installments.

A2. GENERAL REGULATIONS

A2.4 Payment Arrangements and Credit Allowances (Cont'd)

A2.4.3 Payment for Service (Cont'd)

H. Toll Credit Limit (TCL) (Cont'd)

I. (Cont'd)

c. Existing Service

Residence subscribers with overdue bill balances who are unable to pay the charges in full may be allowed to retain their local service if they elect to have a full toll restriction placed on their existing service, at no charge, until the charges are paid. These subscribers may arrange to pay the outstanding balance in up to four installment payments.

A2.4.4 Allowance for Service Outages

When the use of service or facilities furnished by the Company becomes unavailable due to any cause other than the negligence or willful act of the subscriber or the failure of the facilities provided by the subscriber, a pro rata adjustment of the fixed monthly charges involved will be allowed, for the service and facilities rendered useless and inoperative by reason of the service outage during the time the outage continues in excess of twenty-four hours from the time it is reported to or detected by the Company, except as otherwise specified in this tariff. The adjustment shall not be applicable for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work. For the purpose of administering this regulation, every month is considered to have thirty days.

A2.4.5 Provision for Certain Local Taxes and Fees

When a municipality or political subdivision of the state charges the Company any license, occupational, franchise, inspection or other similar tax or fee, whether in a lump sum, or at a flat rate, or based on receipts, or based on poles, wires, conduits or other facilities, the aggregate amount of such taxes and fees will be billed, insofar as practical, pro rata to exchange subscribers receiving service in the municipality or political subdivision.

A2.4.6 Provision for Certain Local Ordinance Costs

When the Company by virtue of its compliance with a municipal or county ordinance, incurs significant costs that would not otherwise normally be incurred, all such costs shall be billed, insofar as practical, pro rata, per exchange access line, to those subscribers receiving exchange service within the municipality or county as part of the price for exchange service.

An estimated monthly amount of such costs shall be billed to the affected subscribers each month and an adjustment to reconcile these estimates to the actual costs incurred for the six month periods ending June 30 and December 31 of each year shall be applied.

Charges for permits, licenses or fees required by governing authorities for installing any telephone wire in a building will be billed by the Company to the requesting party.

A2.4.7 Reserved for Future Use

A2.4.8 Variable Term Payment

- A. In the event that all or any part of the service is disconnected at the customer's request prior to the expiration of any selected payment period of greater than one month's duration, the customer will be required to pay the applicable termination charge as stated in the Access Service Tariff, the Private Line Service Tariff and this Tariff. The tariff provisions concerning termination liability shall be inapplicable to any state, county, or municipal governmental entity when there is in effect, as a result of action by such entity and through a duly constituted legislative, administrative, or executive body:

1. a statute;
2. an ordinance;
3. a policy directive; or
4. a constitutional provision

which restricts or prohibits an additional contractual payment for early termination of a contract by any such entity, or agency thereof, due to an unavailability of funding. When service is being provided and funding to the governmental entity for such service becomes unavailable, the governmental entity may cancel the service without additional payment obligation.

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA
ISSUED: July 9, 1999
BY: Joseph P. Lacher, President -FL
Miami, Florida

PRIVATE LINE SERVICES TARIFF

First Revised Page 14
Cancels Original Page 14

EFFECTIVE: July 24, 1999

B2. REGULATIONS

B2.4 Payment Arrangements and Credit Allowances (Cont'd)

B2.4.1 Payment of Charges and Deposits (Cont'd)

- B. Applicants for service who have no account with the Company or whose financial responsibility is not a matter of general knowledge, may be required to make an advance payment at the time an application for service is placed with the Company, equal to the service connection or installation charges, if applicable, and at least one month's charges for the service provided. In addition, where the furnishing of service involves an unusual investment, applicants may be required to make payment in advance of such portion of the estimated cost of the installation or construction as is to be borne by them. The amount of the advance payment is credited to the customer's account as applying to any indebtedness of the customer for the service furnished.
- C. The Company may, in order to safeguard its interests, require an applicant or customer to make such deposit as the Company deems suitable to be held by the Company as a guarantee of the payment of charges. The fact that a deposit has been made in no way relieves the applicant or customer from complying with the Company's regulations as to advance payments or the prompt payment of bills on presentation. At such time as the service is terminated the amount of the deposit is credited to the customer's account and any credit balance which may remain is refunded. At the option of the Company such a deposit may be refunded in all or part or credited to the customer at any time prior to the termination of the service. In case of a cash deposit, interest is paid at the rate of 6% per annum to begin and run from the date said deposit is made except that, no interest shall apply on a deposit unless the deposit and the service have been in existence for a continuous period of six months.
- D. The Company reserves the right to increase the deposit requirement when in its judgment the conditions justify such action.
- E. Effective April 1, 1996, a charge of \$20.00 or 5 percent of the face value of the check, whichever is greater, will apply whenever a check or draft presented for payment for service is not accepted by the institution on which it is written. For a check or draft written prior to this date, a charge of \$15.00 will apply.
- F. *Effective August 28, 1999, a Late Payment Charge of \$1.50 plus an interest charge of 1.5 percent on the unpaid balance exceeding \$6.00 for residence subscribers and a Late Payment Charge of \$9.00 plus an interest charge of 1.5 percent on the unpaid balance exceeding \$6.00 for business subscribers will be applied to each subscriber's bill when the previous month's bill (including amounts billed in accordance with the Company's Billing and Collections Services Tariff) has not been paid in full prior to the next billing date. The 1.5 percent interest charge is applied to the total unpaid amount carried forward and is included in the total amount due on the current bill. Late payment charges to governmental entities shall be the maximum allowed by law but no more than 1.0 percent per month.*
- G. At the option of the customer, all nonrecurring charges associated with an order for service may be billed over a three month period subject to the following:
- 50% of the total nonrecurring charges will be billed in the first monthly billing period after the charges are incurred, and 25% of the total nonrecurring charges plus an Extended Billing Plan Charge will be billed in each of the following two monthly billing periods.
 - The Extended Billing Plan Charge is calculated at a rate of 1.0% per month or 12% annually, on the unbilled balance of the nonrecurring charges.
 - If the customer disconnects service before the expiration of the plan period, all unbilled charges plus the Extended Billing Plan charge, if applicable, will be included in the final bill rendered.
 - If the customer fails to make any of the payments prior to the next billing date these late payment charges as specified in F. preceding will apply.

Note 1: Nonpayment of this charge will not constitute sufficient cause for interruption or cancellation of service.

State: Florida
 Miscellaneous Service

Market Basket Summary of Annual Revenues

Develop Date 12/98

Run Date : 05/31/99

WORKPAPER B

SERVICE ID NUMBER (1)	SERVICE DESCRIPTION (2)	PRESENT REVENUE TOTAL (3)	PROPOSED REVENUE TOTAL (4)	\$ REVENUE CHANGE (5)	PERCENT CHANGE (6)
2901	RETURNED CHECK/BANK DRAFT - MISC	\$4,343,590	\$4,343,590	\$0	0.00%
2902	LATE PAYMENT CHARGES - MISC	\$30,258,230	\$32,500,923	\$2,242,693	7.41%
2904	APARTMENT DOOR ANSWERING SERVICES - MISC	\$24,089	\$24,089	\$0	0.00%
2905	911 EMERGENCY SERVICE - 8A KEY TELEPHONE SYSTEM - BUS OPT SVC	\$98,962	\$98,962	\$0	0.00%
2906	TELECOMMUNICATION SVC. PRIORITY (TSP) SYSTEM - MISC	\$3,722	\$3,722	\$0	0.00%
2907	AUXILLARY EQUIPMENT - MISC	\$16,499	\$16,499	\$0	0.00%
2908	ENHANCED 911 EMERGENCY SERVICE - MISC	\$9,798,050	\$9,798,050	\$0	0.00%
2909	EQUIPMENT FOR DISABLED CUSTOMERS - OUTRIGHT SALE - MISC	\$27,742	\$27,742	\$0	0.00%
2910	EQUIPMENT FOR DISABLED CUSTOMERS - MONTH-TO-MONTH - MISC	\$32,739	\$32,739	\$0	0.00%
2911	EMERGENCY REPORTING SERVICE - MISC	\$9,520	\$9,520	\$0	0.00%
2912	MISCELLANEOUS EQUIPMENT - MISC	\$194,574	\$194,574	\$0	0.00%
2913	TROUBLE LOCATION CHARGE - MISC	\$1,035	\$1,035	\$0	0.00%
	TOTAL	\$44,808,752	\$47,051,445	\$2,242,693	5.01%

State: Florida
 Miscellaneous Service

Market Basket Summary of Annual Revenues

Develop Date 12/98
 Page 1 of 1
 Run Date : 05/31/99

WORKPAPER A

LINE NUMBER	DESCRIPTION	SOURCE	PRESENT YEAR (t) AMOUNT
1.	INITIAL PRICE REGULATION INDEX		100.0000
2.	PERCENT CHANGE ALLOWED		6.0000%
3.	NEW PRICE REGULATION INDEX	$L1 * (1 + L2)$	106.0000
4.	CURRENT SPI	WORKPAPER A	100.0000
5.	CURRENT SPI LESS THAN OR EQUAL TO NEW PRI		YES
6.	EXISTING REVENUE	COLUMN 3, WORKPAPER B	\$44,808,752
7.	PROPOSED REVENUE	COLUMN 4, WORKPAPER B	\$47,051,445
8.	CHANGE IN SPI	$(L7/L6)$	1.0501
9.	NEW SPI	$(L8*L4)$	105.0050
10.	NEW SPI LESS THAN OR EQUAL TO NEW PRI		YES
11.	REVENUE AVAILABLE FOR ADJUSTMENT	$L7 * ((L3/L9) - 1)$	\$445,832