

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into the 1990	)	DOCKET NO. 910462-TL
earnings of ST. JOSEPH TELEPHONE AND	)	ORDER NO. 25630
TELEGRAPH COMPANY	)	ISSUED: 1/22/92

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
 SUSAN F. CLARK  
 J. TERRY DEASON  
 BETTY EASLEY

NOTICE OF PROPOSED AGENCY ACTION  
ORDER ACCEPTING COMPANY'S OFFER TO  
REFUND 1990 OVEREARNINGS AND CAP 1991 EARNINGS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On March 12, 1991, St. Joseph Telephone and Telegraph Company (St. Joe or the Company) filed its Earnings Surveillance Report for the twelve months ended December 31, 1990. Based on our staff's review of that report, we opened this docket to address St. Joe's 1990 earnings. An audit of the Company was completed July 16, 1991. The Company also filed its cost study on June 27, 1991.

Our staff prepared an analysis of the Company's earnings using the above documents. An adjustment has been made for an error in reporting revenue, and the tax calculation and separations factors have been trued up. The regular triennial study of St. Joe's depreciation rates and recovery schedules was completed in 1990. At that time, perceived reserve deficits were basically corrected. Since there is no major reserve deficit, we believe that it would be appropriate to eliminate overearnings through a cash refund. The amount of overearnings for 1990 is \$731,340.

On April 1, 1991, the Company sent a letter stating that it estimated 1990 earnings in excess of its 13.9% return on equity (ROE) ceiling of approximately \$900,000. St. Joe expressed its intention to dispose of this money to the benefit of its ratepayers. We have now identified \$731,340 of earnings in excess

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of 13.9% ROE. Interest in the amount of \$84,031 should be accrued on the overearnings from the time of the overearnings through the time of the refund.

We find it reasonable and appropriate to accept the Company's proposal to make this refund from 1990 earnings. Accordingly, the refund shall be credited to the residential and business customers in the same proportion as the various local exchange rates bear to each other and shall be made to customers of record as of the November, 1991, billing cycle. The refund should be made during the February, 1992, billing cycle. The Company shall promptly file a report for our staff's review following the completion of the refund process.

On August 12, 1991, St. Joe sent a letter advising that it expected to continue to have earnings in excess of its 13.9% ROE ceiling for calendar year 1991. The letter stated that the Company intended to dispose of the 1991 excess earnings to the benefit of its ratepayers as approved by this Commission.

The Company's proposal caps its 1991 earnings at its ceiling. We will have an opportunity to review the 1991 earnings in the MMFR docket. We will not be able to true up the 1991 earnings until the cost study is complete in June, 1992. We find that the Company's proposal is reasonable and provides adequate protection for the ratepayers. Accordingly, we shall also approve this proposal.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposal by St. Joseph Telephone and Telegraph Company to refund 1990 overearnings shall be approved as set forth herein. It is further

ORDERED that the proposal by St. Joseph Telephone and Telegraph Company to cap its 1991 earnings shall be approved as set forth herein. It is further

ORDERED that St. Joseph Telephone and Telegraph Company shall file a refund report in accordance with the requirement contained herein. It is further

ORDERED that our actions described herein shall become final and effective on the first working day following the date set forth

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below, if no timely protest is filed to our proposed action in accordance with the requirements set forth below. It is further

ORDERED that this docket shall remain open pending submission of the refund report, after which this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission, this 22nd day of JANUARY, 1992.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

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

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Florida 32399-0870, by the close of business on  
2/12/92.

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

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

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