

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application to change ) DOCKET NO. 920385-TL  
depreciation rates and schedules ) ORDER NO. PSC-92-0818-PCO-TL  
effective 1/1/92 by BELLSOUTH ) ISSUED: 08/14/92  
TELECOMMUNICATIONS, INC. d/b/a )  
SOUTHERN BELL TELEPHONE AND )  
TELEGRAPH COMPANY )  
\_\_\_\_\_ )

ORDER ESTABLISHING PROCEDURE

On May 1, 1992, BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company filed its depreciation study proposing new depreciation rates and capital recovery schedules, in accordance with Rule 25-4.0175, Florida Administrative Code. The Company requests that those rates and schedules become effective January 1, 1992. Due to the complex nature of this docket, we are proceeding directly to hearing.

The scope of this proceeding shall be based upon the issues raised by the parties and Commission staff (staff) up to and during the prehearing conference, unless modified by the Commission. The hearing will be conducted according to the provisions of Chapter 120, Florida Statutes, and the rules of this Commission.

Discovery

a. When discovery requests are served and the respondent intends to object to or ask for clarification of the discovery request, the objection or request for clarification shall be made within ten days of service of the discovery request. This procedure is intended to reduce delay in resolving discovery disputes.

b. The hearing in this docket is set for October 26 and 27, 1992. Unless authorized by the Prehearing Officer for good cause shown, all discovery shall be completed by October 19, 1992. All interrogatories, requests for admissions, and requests for production of documents shall be numbered sequentially in order to facilitate their identification. The discovery requests will be numbered sequentially within a set and any subsequent discovery requests will continue the sequential numbering system. Unless subsequently modified by the Prehearing Officer, the following shall apply: interrogatories, including all subparts, shall be limited to 300, and requests for production of documents, including all subparts, shall be limited to 175.

DOCUMENT NUMBER-DATE

09154 AUG 14 1992

FPSO-RECORDS/REPORTING

c. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time period set forth in Section 364.183(2), Florida Statutes.

#### Diskette Filings

See Rule 25-22.028(1), Florida Administrative Code, for the requirements of filing on diskette for certain utilities.

#### Prefiled Testimony and Exhibits

Pursuant to Rule 25-22.048, Florida Administrative Code, each party shall prefile, in writing, all testimony that it intends to sponsor. Such testimony shall be typed on 8 1/2 inch x 11 inch transcript-quality paper, double spaced, with 25 numbered lines, on consecutively numbered pages, with left margins sufficient to allow for binding (1.25 inches).

Each exhibit intended to support a witness' prefiled testimony shall be attached to that witness' testimony when filed, identified by his or her initials, and consecutively numbered beginning with 1. All other known exhibits shall be marked for identification at the prehearing conference. After an opportunity for opposing parties to object to introduction of the exhibits and to cross-examine the witness sponsoring them, exhibits may be offered into evidence at the hearing. Exhibits accepted into evidence at the hearing shall be numbered sequentially. The pages of each exhibit shall also be numbered sequentially prior to filing with the Commission.

An original and 15 copies of all testimony and exhibits shall be prefiled with the Director, Division of Records and Reporting by

the close of business, which is 4:45 p.m., on the date due. A copy of all prefiled testimony and exhibits shall be served by mail or hand delivery to all other parties and staff no later than the date filed with the Commission. Failure of a party to timely prefile exhibits and testimony from any witness in accordance with the foregoing requirements may bar admission of such exhibits and testimony.

Prehearing Statement

Pursuant to Rule 25-22.038(3), Florida Administrative Code, a prehearing statement shall be required of all parties in this docket. Staff will also file a prehearing statement. The original and 15 copies of each prehearing statement shall be prefiled with the Director of the Division of Records and Reporting by the close of business, which is 4:45 p.m., on the date due. A copy of the prehearing statement shall be served on all other parties and staff no later than the date it is filed with the Commission. Failure of a party to timely file a prehearing statement shall be a waiver of any issue not raised by other parties or by the Commission. In addition, such failure shall preclude the party from presenting testimony in support of its position. Such prehearing statements shall set forth the following information in the sequence listed below.

- (a) the name of all known witnesses that may be called by the party, and the subject matter of their testimony;
- (b) a description of all known exhibits that may be used by the party, whether they may be identified on a composite basis, and the witness sponsoring each;
- (c) a statement of basic position in the proceeding;
- (d) a statement of each question of fact the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue;
- (e) a statement of each question of law the party considers at issue and the party's position on each such issue;

(f) a statement of each policy question the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue;

(g) a statement of issues that have been stipulated to by the parties;

(h) a statement of all pending motions or other matters the party seeks action upon; and

(i) a statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefore.

#### Prehearing Conference

A prehearing conference will be held in this docket at the Fletcher Building, 101 East Gaines Street, Tallahassee, Florida. The conditions of Rule 25-22.038(5)(b), Florida Administrative Code, shall be observed. Any party who fails to attend the prehearing conference, unless excused by the Prehearing Officer, will have waived all issues and positions raised in that party's prehearing statement.

#### Prehearing Procedure: Waiver of Issues

Any issue not raised by a party prior to the issuance of the prehearing order shall be waived by that party, except for good cause shown. A party seeking to raise a new issue after the issuance of the prehearing order shall demonstrate that: it was unable to identify the issue because of the complexity of the matter; discovery or other prehearing procedures were not adequate to fully develop the issue; due diligence was exercised to obtain facts touching on the issue; information obtained subsequent to the issuance of the prehearing order was not previously available to enable the party to identify the issue; and introduction of the issue could not be to the prejudice or surprise of any party. Specific reference shall be made to the information received, and how it enabled the party to identify the issue.

Unless a matter is not at issue for that party, each party shall diligently endeavor in good faith to take a position on each issue prior to issuance of the prehearing order. When a party is unable

to take a position on an issue, it shall bring that fact to the attention of the Prehearing Officer. If the Prehearing Officer finds that the party has acted diligently and in good faith to take a position, and further finds that the party's failure to take a position will not prejudice other parties or confuse the proceeding, the party may maintain "no position at this time" prior to hearing and thereafter identify its position in a post-hearing statement of issues. In the absence of such a finding by the Prehearing Officer, the party shall have waived the entire issue. When an issue and position have been properly identified, any party may adopt that issue and position in its post-hearing statement.

#### Document Identification

To facilitate the management of documents in this docket, exhibits will be numbered at the Prehearing Conference. Each exhibit submitted shall have the following in the upper right-hand corner: the docket number, the witness's name, the word "Exhibit" followed by a blank line for the exhibit number and the title of the exhibit.

An example of the typical exhibit identification format is as follows:

Docket No. 12345-TL  
J. Doe Exhibit No. \_\_\_\_\_  
Cost Studies for Minutes of Use by Time of Day

#### Issues

On August 3, 1992, an issue identification workshop was held by the staff. At that time, the parties were unable to agree on the appropriate issues for this proceeding. Pursuant to notice, on August 11, 1992, a hearing was held at which the Prehearing Officer made a determination of the issues. Attached to this order as Appendix "A" is the list of issues as determined by the Prehearing Officer. Prefiled testimony and prehearing statements shall address the issues set forth in Appendix "A".

Controlling Dates

The following dates have been established to govern the key activities of this case.

- |    |   |                     |
|----|---|---------------------|
| 1) | Utility's direct testimony and exhibits       | September 3, 1992   |
| 2) | Intervenors' direct testimony and exhibits    | September 3, 1992   |
| 3) | Staff's direct testimony and exhibits, if any | September 18, 1992  |
| 4) | Rebuttal testimony and exhibits               | September 18, 1992  |
| 5) | Rebuttal to Staff testimony                   | September 28, 1992  |
| 6) | Prehearing Statements                         | September 30, 1992  |
| 7) | Prehearing Conference                         | October 7, 1992     |
| 8) | Hearing                                       | October 26-27, 1992 |
| 9) | Briefs  | December 7, 1992    |

Use of Confidential Information At Hearing

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding. Any party wishing to use any proprietary confidential business information, as that term is defined in Section 364.183, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute. Failure of any party to comply with the seven day requirement described above

shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.

When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material. Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so. At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Records and Reporting's confidential files.

#### Post-hearing Procedures

Pursuant to Rule 25-22.056(3)(a), Florida Administrative Code, each party is required to file a post-hearing statement of issues and positions. Positions in the post-hearing statement shall be summarized in no more than 50 words per issue. If a party's position on an issue in the post-hearing statement differs from what appears in the Prehearing Order, the position will be marked with an asterisk; in the absence of such demarcation, the party's position on that issue will be shown in the staff recommendation as it appears in the Prehearing Order. If a party's position on an issue does not differ from what appears in the Prehearing Order, the post-hearing statement can simply restate the prehearing position.

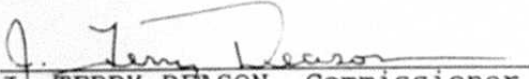
All post-hearing memoranda, including proposed findings of fact, conclusions of law, statement of issues and positions, and briefs, shall be no more than 50 pages combined, and shall be filed simultaneously. Proposed findings of fact and conclusions of law are not required. If proposed findings of fact are submitted, the proposed findings must conform with Rule 25-22.056(2)(a) and (b), Florida Administrative Code. In addition, each proposed finding shall be separately and consecutively numbered and shall be

followed by a citation to the record, identifying transcript page and line number or exhibit number and page. Proposed findings shall identify the issue to which they relate and shall be grouped by issue, following the order of issues appearing in the Prehearing Order. Any written statement which is not clearly designated as a proposed finding of fact shall be considered to be legal argument rather than a proposed finding of fact. Arguments in briefs must be identified by issue number.

Based upon the foregoing, it is

ORDERED by Commissioner J. Terry Deason, as Prehearing Officer, that the provisions of this Order shall govern this proceeding unless modified by the Commission.

By ORDER of Commissioner J. Terry Deason, as Prehearing Officer, this 14th day of August, 1992.

  
J. TERRY DEASON, Commissioner  
and Prehearing Officer

( S E A L )

PAK

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida



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Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

APPENDIX "A"

LIST OF ISSUES RESULTING FROM AUGUST 11, 1992 HEARING

1. Should currently prescribed depreciation rates and capital recovery schedules be revised?
  - a. Should the Commission promote the building of a broadband switched fiber infrastructure in Florida's telecommunications networks?
2. What should be the implementation date for new rates and capital recovery schedules?
3. What reserve transfers between accounts, if any, should be made?
4. Are the Company network plans including switching retirements planned for 1992-1994 reasonable and economic?
  - a. Is SBT required to meet the burden of proof to justify the reasonableness of its plans which are used to support its proposed depreciation rates?
5. What are the appropriate lives, net salvages, reserves and resultant depreciation rates for each account?
  - a. Should SBT be required to justify its depreciation rates based on what is required for providing monopoly services?
  - b. Will fiber growth create increased retirement of existing metallic facilities in the future?
  - c. What is the appropriate date, if any, to assume that fiber facilities will reach cost parity with copper cable in the growth of distribution facilities of the Company?
  - d. What are the projected time periods for the retirement of existing metallic distribution, feeder and interoffice facilities? (informational only)
  - e. Is Fisher-Pry substitution analysis appropriate for use in establishing estimated lives for publicly regulated utility investments?

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- f. Is Fisher-Pry substitution analysis appropriate for use in estimating lives for outside plant cable accounts, circuit accounts and central office switching accounts?
  - g. Has SBT appropriately applied Fisher-Pry substitution analysis in the establishment of its proposed rates for depreciation?
6. What are the appropriate capital recovery and amortization schedules?
- a. If the Commission should decide to amortize retirements, what is the appropriate time period for the amortization and what basis should be used to spread the amortized accounts?