

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of) DOCKET NO. 941229-TL
1994 Depreciation Study by) ORDER NO. PSC-95-0632-FOF-TL
United Telephone Company of) ISSUED: May 23, 1995
Florida and Central Telephone)
Company of Florida.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING PRELIMINARY IMPLEMENTATION OF
DEPRECIATION RATES AND RECOVERY SCHEDULE

BY THE COMMISSION:

Consistent with requirements of Rule 25-4.0175, Florida Administrative Code and Order No. PSC-94-0430-FOF-TL, United Telephone Company of Florida (United) and Central Telephone Company of Florida (Centel), filed the depreciation study under review in this docket. United and Centel proposed depreciation rates are based on consolidated company planning and each company's investment and reserve positions.

On February 8, 1995, the Commission issued Order No. PSC-95-0180-FOF-TL Notice of Proposed Agency Action - Order Approving Preliminary Implementation of Depreciation Rates and Allowing One-Time Depreciation Expense (Order No. 95-0180) in this docket. The Order proposed three actions: 1) allowing United to record a one-time additional amount of depreciation expense in 1994, sufficient to reduce its earnings to the top of its authorized return on equity for 1994; 2) allowing United to implement its proposed depreciation rates and amortization/recovery schedules on a preliminary basis, effective January 1, 1995; and 3) allowing Centel to implement its proposed depreciation rates and amortization/recovery schedule on a preliminary basis, effective January 1, 1995.

On March 1, 1995, the Office of Public Counsel (OPC), timely filed a Petition For Section 120.57(1) Hearing and Protest of

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REGISTRATION REPORTING

Proposed Agency Action concerning Order No. 95-0180. OPC disputed just those matters proposed pertaining to United. The Petition states:

To the extent that Order No. PSC 95-0180-FOF-TL distinguishes between the depreciation rates and expenses of UTF (United) and Central Telephone Company of Florida, this pleading only applies to UTF. However, if Order No. PSC-95-0180-FOF-TL may not be severed between the two companies, this pleading applies to both companies.

During a conference call with all the parties, OPC reaffirmed that its protest is limited to issues involving United: the amount of United's 1994 overearnings, the application of United's 1994 overearnings to depreciation expense, and the preliminary implementation of United's depreciation rates and recovery schedules. OPC further stated that it had no objection to preliminary implementation of Centel's depreciation rates and recovery schedule.

The Commission has, in the past, determined that certain actions taken in the same Notice of Proposed Agency Action are severable. See for example Order No. PSC-94-1286-FOF-TP, Order Denying Certain Motions and Notice of Proposed Agency Action Order Regarding Competitive Status of Certain LEC Provided Services, issued October 17, 1994, in Docket No. 930046-TP. However, the determination that issues are severable must be made before the Order is issued, rather than after a protest. See, for example Department of Transportation v. J.W.C. Company, 396 So.2d 778, (Fla. 1st D.C.A. 1981), or the Commission's discussion of the severability of Proposed Agency Action rate case orders in Order No. 21202 Order on Rate-Setting Procedures, issued May 8, 1989, in Docket No. 880883-WS. No decision was made to sever any of the actions proposed by Order No. 95-0180. Thus, OPC's protest precludes preliminary implementation of Centel's proposed depreciation rates, despite the fact that OPC does not object to this preliminary implementation.

We have reevaluated the propriety of issuing orders approving preliminary implementation of depreciation rates and amortization/recovery schedules as proposed agency action. After consideration, it appears that orders approving preliminary implementation of depreciation rates and amortization/recovery schedules need not be issued as proposed agency action. As stated in Order No. 95-0180,

Preliminary booking does not and should not infer that, upon completion of the Company's filed study, that the

Company's proposed life and salvage parameters will be approved. Rather, our decision to permit preliminary implementation is based on the expectation that implementation of the rates and recovery schedules shown on Attachment A will likely result in a more appropriate depreciation expense level than retention of the currently effective rates and schedules.

The rates and amortization/recovery schedules are subject to final Commission action on the study, after a complete review and analysis. At the time final Commission action is proposed, interested persons are given a clear point of entry to a Section 120.57, Florida Statutes proceeding. Since approval of preliminary implementation is only preliminary, and persons whose substantial interests could be effected will be afforded a clear point of entry when final action is proposed concerning the depreciation study, an order approving preliminary implementation need not be issued as proposed agency action.

As in the instant case with the protest of United depreciation rates, an evidentiary hearing concerning preliminary implementation is premature and would be a needless expenditure of resources. At this "preliminary" juncture in the study review, there is no "final agency action" being proposed. Thus, no right to a hearing pursuant to Chapter 120, Florida Statutes is created. The matter is not "ripe" for resolution.

In light of the foregoing, we find that Centel shall be allowed to implement the proposed depreciation rates and recovery schedule shown on Attachment A on a preliminary basis, beginning January 1, 1995.

The issues of the amount of United's 1994 overearnings, the application of United's 1994 overearnings to depreciation expense, and the preliminary implementation of United's depreciation rates and recovery schedules will be considered in conjunction with the Commission's final review of the depreciation study.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Centel shall be allowed to implement the proposed depreciation rates and recovery schedule shown on Attachment A on a preliminary basis, beginning January 1, 1995. It is further

ORDERED that the issues of the amount of United's 1994 overearnings, the application of United's 1994 overearnings to depreciation expense, and the preliminary implementation of

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United's depreciation rates and recovery schedules will be considered in conjunction with the Commission's final review of the depreciation study. It is further

Ordered that this docket shall remain open pending review, analysis and final Commission action concerning appropriate revised depreciation rates and amortization/recovery schedules, and the resolution of OPC's protest.

By ORDER of the Florida Public Service Commission, this 23rd day of May, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

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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.

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 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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.

CENTRAL TELEPHONE COMPANY OF FLORIDA
 1994 DEPRECIATION STUDY

COMMISSION APPROVED
 INTERIM DEPRECIATION RATES

ACCOUNT	AVERAGE REMAINING LIFE (yrs)	NET SALVAGE (%)	REMAINING LIFE RATE (%)
GENERAL SUPPORT ASSETS			
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2112.1 Passenger Cars	1.9	14	10.2
2112.2 Light Trucks	4.0	13	12.3
2112.3 Heavy Trucks	4.1	11	9.6
2121.1 Buildings - Switching	27.1	(5)	2.8
2121.05&06 Buildings - Plant & Office	17.3	(5)	4.2
2121.10 Buildings - COE Other	9.9	(5)	8.8
2121.4 Self Supporting Towers	10.5	(15)	2.5
CENTRAL OFFICE EQUIPMENT			
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2212.2 Switches - Digital Flexible	10.9	3	5.4
2231.3 Radio - Digital	6.2	(3)	10.2
2232.1 Circuit - Other	4.8	(5)	12.0
2232.2 Circuit - Digital	5.6	5	10.1
2232.3 Circuit - Fiber Optic	5.5	0	10.9
INFORMATION ORIGATION / TERMINATION			
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2351.1 Public Telephone - Coin	4.3	0	6.5
2351.2 Public Telephone - Coinless	3.2	0	11.3
2362.4 Private Line & Interconnect	1.7	0	6.8
2362.6 Eqpt. for Hearing Impaired	4.3	3	17.4
2362.10 Station Apparatus - Non CPE	3.6	0	10.3
CABLE AND WIRE FACILITIES			
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2411.1 Poles & Special Structures	11.8	(60)	8.9
2421.1 Aerial Cable - Metallic	9.5	(30)	8.0
2421.2 Aerial Cable - Fiber	15.0	(5)	6.2
2422.1 Underground Cable - Metallic	6.5	(20)	10.0
2422.2 Underground Cable - Fiber	16.6	(15)	5.9
2423.1 Buried Cable - Metallic Filled	10.4	(5)	6.1
2423.1 Buried Cable Metallic Non-Fld	3.4	(5)	2.1
2423.2 Buried Cable - Fiber	16.7	(5)	5.3
2424.1 Submarine Cable - Metallic	3.8	(5)	5.9
2424.2 Submarine Cable - Fiber	14.4	(5)	5.2
2426.1 Intrabuilding Network - Metal	8.4	(30)	9.5
2426.2 Intrabuilding Network - Fiber	18.0	(5)	5.2
2441.1 Underground Conduit	33.4	(5)	2.2

COMMISSION APPROVED CAPITAL RECOVERY SCHEDULES
FOR INTERIM IMPLEMENTATION

EFFECTIVE JANUARY 1, 1995

CENTRAL TELEPHONE COMPANY OF FLORIDA

<u>ACCOUNT</u>	<u>RECOVERY PERIOD</u>
Operator Systems	2 Years

UNITED TELEPHONE COMPANY OF FLORIDA

<u>ACCOUNT</u>	<u>RECOVERY PERIOD</u>
Digital 1210 (1995-1997)	3 Years
Operator Systems	6 Years
Radio (1995-1997)	1 Years
Aerial Cable (Remaining Feeder)	11 Years
Underground Cable (Remaining Feeder)	11 Years
Buried Filled Cable (Stranded Feeder)	4 Years
Buried Filled Cable (Remaining Feeder)	11 Years
Buried Non-Filled Cable (Remaining Feeder)	11 Years