

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: 1991 Depreciation Study) DOCKET NO. 911236-TL
for CENTRAL TELEPHONE COMPANY) ORDER NO. PSC-92-0973-FOF-TL
OF FLORIDA.) ISSUED: 09/10/92
_____)

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER ON DEPRECIATION

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.

1. Revision of Rates

Pursuant to Rule 25-4.0175, Florida Administrative Code, telephone companies are required to file a comprehensive depreciation study at least every three years from the submission date of the previous filed study. The last comprehensive depreciation represcription for Central Telephone Company of Florida (Centel or the Company) was made in 1986. The Company filed a depreciation study requesting new rates in November, 1988 (Docket No. 881543-TL); however, there were numerous basic data problems with the study. The docket was eventually resolved through a stipulation in Centel's last rate case (Docket No. 891246-TL in Order No. 24178 issued February 28, 1991). The stipulation prescribed an increase in Centel's total company depreciation expenses by \$2,000,000 for each of the years 1990 and 1991 to be added as a bottom line non-account specific addition to expenses derived from currently prescribed depreciation rates and amortization schedules under current orders. The 1991 intrastate expenses were increased by \$568,424 (\$778,760 Total Company) associated with the parent company debt adjustment as established by Order No. 24985. In addition, the Company was required to file a new depreciation study during the fourth quarter of 1991 with rates proposed to be effective January 1, 1992.

DOCUMENT NUMBER-DATE

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Centel filed its current study in compliance with Order No. 24178 and the data problems encountered in the previous study appear to have been resolved. Technological impacts on life and salvage have changed since the 1986 represcription and are not adequately reflected in the current rates. Centel began converting from analog to digital switching in 1978 and by May, 1991, was 100% digital switching. Digital switchers are continually upgraded to provide additional services which; this activity, in turn, causes a significant change out of peripheral equipment. Current Company plans are to continue modernization of the central office infrastructure. The impact of fiber cable continues to be seen in outside plant accounts. The Company anticipates that deployment of fiber on interoffice routes will be completed by 1995. Further plans are to install fiber hubs along the major trunk routes and to continue to expand and install fiber rings. Upon review, we find that the Company's currently prescribed depreciation rates shall be revised.

2. Implementation Date

As set forth at Section 1 of this Order, the Company was ordered to file a depreciation study during the fourth quarter of 1991 with a January 1, 1992 effective date. All data and supporting calculations support a January 1, 1992 date. We find the date to be appropriate.

3. Near-Term Retirements

Centel proposes to retire five of its remaining six DMS-10 host central office switches along with its subtending remotes. These are small digital switches that are technologically limited and will be replaced by larger, more flexible DMS-100 series switches. We have reviewed the Company's central office plans, construction budgets for the 1992-1994 time frame, various cost and processor studies and find the Company proposed retirements of these central office switches to be reasonable and acceptable.

Centel is also replacing its analog microwave facilities due to route/facility exhaust. Current plans are to replace these facilities with fiber optics. The replacing technology of fiber optics has no limitation on bandwidth or facility growth, is SONET compatible, does not experience weather or atmospheric interference and reduces the need for repeaters. In addition, many of the major manufacturers of analog radio have reduced production and are placing more emphasis on fiber optics. Having reviewed the

Company's plans, we find the proposed retirement of analog-radio and its associated equipment to be reasonable and acceptable.

4. Reserve Allocations

There are four groups of existing recovery schedules/retired assets (step-by-step, crossbar, analog switching, buildings-other) which currently have a bottom line surplus of about \$185,000. We find that it is appropriate to distribute this surplus to the new recovery schedules approved for radio towers and aerial wire as shown on Attachment 1 of this Order. We have been informed by the Company that these reserve transfers would not have any effect on allocations between regulated and non-regulated plant.

5. Depreciation Amounts from the Company's Last Rate Case and Settlement of the Parent Company Debt Adjustment Made Account Specific

As discussed under Section 1 of this Order, by Order No. 24178, issued in Centel's last rate case, we directed the Company to book an increase in its total company depreciation expenses of \$2,000,000 for each of the years 1990 and 1991. In addition, by Order No. 24985 we required the Company to increase the 1991 intrastate expenses by \$568,424 (\$778,760 Total Company) which is associated with the parent company debt adjustment. The Company proposed to make this additional amount account specific by distributing it over the entire booked reserve for each account. However, we shall use \$3,379,000 as shown on Attachment 2 of this Order to offset the net unrecovered investments associated with the recommended recovery schedules discussed in Section 7 of this Order. The remaining amount shall be allocated to alleviate apparent reserve deficits for Digital Toll Switching, Digital Circuit and Underground Cable-Metallic.

6. Lives, Net Salvages, Reserves and Resultant Depreciation Rates

After a review of the Company's depreciation study, we find that the appropriate depreciation rates and components are those set forth at Attachment 3 of this Order. A brief discussion of each account is set forth below.

GENERAL SUPPORT ASSETS:

Motor Vehicles-Automobiles - The Company proposal for a 7.2 year average service life and R3 curve with a 15% net salvage

reflects the recent retirement experience of this account, as well as being in line with industry expectations. Based on these life factors and the average age of 4.4 years, we find that a remaining life of 3.1 is appropriate.

Motor Vehicles-Light Trucks - We find that the Company proposed 8.3 year service life with an S2 curve is reasonable and acceptable. Using the age of 3.2 years produces a remaining life of 4.9 years which reflects this account's recent retirement experience and Florida's industry average.

The salvage data indicates a fluctuation, ranging from 5.5% to 14% in the years 1986 through 1991, with the average being 11.3%. The Company proposed 12% net salvage is in line with this activity.

Motor Vehicles-Heavy Trucks - Although the Company proposed a 9.5 year average service life, we note that projected retirements appear to support the continuation of the currently approved eleven year average service life. The Company use of an R3 curve is generally in line with the retirement pattern for the period 1986 through 1991 and future expectations for this type of equipment. We find that in combination with the age of 5.8 years, a remaining life of 5.7 years is appropriate.

We find that the Company proposal to retain the currently approved net salvage of 10% is acceptable and in line with industry-wide averages for Florida.

Buildings - This account is categorized into six sub-accounts as follows:

Multi-Switch - The investment in this sub-account includes all company-owned building which are used to house switching apparatus serving more than one office code and any associated remote switches.

Single Switch - This sub-account includes all company-owned buildings housing switching apparatus serving just one office code and any associated remote switches.

Office - The investment in this sub-account includes all company-owned office buildings used primarily for office space.

Plant - This sub-account is made up of buildings used primarily as work centers, garages, sheds, and warehouses.

Other - Included in this sub-account is the investment for repeater huts, remote switching huts, carrier sheds, and portable buildings.

Self Support Antennas - There is only one location left in this sub-account which is a self supporting microwave tower.

For these sub-accounts, relatively small interim retirements are expected through the lifetime of a building, and the majority of the investment continues until final retirement. Building alterations or the replacement of such things as carpet, air conditioning or other mechanical components will mean that a small percentage of the investment is expected to retire on an on-going basis. We find that remaining lives which result from using interim retirement rates calculated from historical activity and the average year of final retirement supplied by the Company to be appropriate. We note that the supplied final retirement dates are somewhat optimistic. The results are shown below:

<u>Account</u>	<u>Interim Ret. Rate</u>	<u>Average Yr. Ret.</u>	<u>Avg. Rem. Life</u>
2121.03 Multi-Switch	0.9%	2020	26
2121.04 Single Switch	0.7%	2020	26
2121.05 Office	0.9%	2022	27
2121.06 Plant	0.8%	2019	25
2121.07 Other	1.0%	2014	21

The currently approved net salvage value of (3%) shall be maintained for each of the sub-accounts except for self supporting towers, based on a small allowance for cost of removal and zero gross salvage.

We approve a recovery schedule for the near term retirements of self supporting towers as a result of the removal of the analog radio (See Section 7 of this Order 7). For the remaining self supporting tower, which is the single remaining item in Account 2121.07, Self Supporting Towers, we approve 8.5 years remaining life based on the Company estimation of retirement in the year 2000, and net salvage of (15%) to allow for cost of removal for this tower.

CENTRAL OFFICE ASSETS:

Analog Switching - The remaining analog switching investment in this account retired in 1991. The data submitted shows a negative reserve of \$335,223 because the anticipated salvage did

not materialize. We offset this deficit with a portion of the surplus reserve from step and crossbar as discussed at Section 4 of this Order.

Packet Switching - The investment in this category is associated with one DPN-50 packet switch and one DPN-10 access module. This is a new category with 1989 being the first addition. As this is digital equipment and has relatively no development, we employ a whole life rate based on the same parameters for Digital Switching Local-New. We find the proposed net salvage of 10% to be reasonable and acceptable.

Packet Software - The Company proposes to transfer this investment into the Packet Switching account. As the accounting treatment for software is currently being investigated generically, we maintain this as a separate sub-account. It is our understanding that this software will not be reused or updated when the new generation of packet switching is installed. This is a new category with 1989 being the first and only addition. There are no budgeted additions nor retirements planned for this account over the next three years. With little or no development planned for this account, we employ a whole life rate based on the life of packet switching and a zero net salvage.

Digital Switching-Toll - This account is basically one switch and includes a central processing unit, central message controller, peripheral equipment, truck modules and associated digital equipment. According to the data submitted, there was no investment in the Additions sub-account for this category. Subsequent updated data shows a reclassification into the Additions sub-account. As this equipment has similar life characteristics and will be impacted by the same technology, the two sub-accounts (Digital Switching-Toll Embedded and Digital Switching-Toll Additions) shall be combined into one. Digital Switching-Toll Additions, having served its purpose to cover additions between depreciation studies, can now be rolled into the main account. Current Company plans call for this switch to be maintained and modified to meet service demands. With this in mind, we find the Company proposal for Digital Switching-Toll Embedded for both life and salvage to be reasonable and acceptable.

Digital Switching-Local - We combine all of the sub-accounts for this category since they have similar life characteristics and will be impacted by the same technology. We approve the Company's proposed recovery schedule for the near-term retirements of the five DMS-10's (See Section 7 of this Order). According to data submitted by the Company, all of the remaining digital switches are considered to be upgradable to future generation switches by

substantial change outs of components. This being the case, we employ a composite remaining life of 13.5 years. This is based on interim retirement rates that are within the range of industry averages for the time period that the Company estimates the switches will be in service. We used a 2% interim retirement rate for 1992-1998, 4% for 1999-2000 and then 2% for 2001-2006. We approve the Company proposed net salvage of 10%.

Digital Switching-Local-New - We employ a separate rate for new installations of digital switches, on the premise that such new installations will be relatively more compatible with the upcoming switching environment. We approve a whole life rate based on 16.5 year average service life and 10% net salvage. The average service life is based on using a 20 year life span and the same interim retirement pattern as Digital Switching-Local above.

Digital Switching-Software - The Company proposes to transfer this investment into the Digital Switching-Local account. As the accounting treatment for software is currently being investigated generically, we maintain this as a separate sub-account. Until completion of the generic docket, we approve a remaining life for this sub-account of 13.5 years which is the same as Digital Switching-Local. We approve the Company proposed net salvage of zero.

Digital Toll Boards - In 1988, the Company consolidated its entire operator services into one Tallahassee location. The proposed average service life of 16.5 years and the average remaining life of 10 years is based on Company planning. We find this to be appropriate. We approve the Company proposed zero net salvage because this investment, when retired, will be technologically obsolete.

Radio-Analog - The bulk of this investment is being retired by year-end 1994 due to route/facility exhaust. These facilities are used for IntraLATA toll and private line circuits. To meet customer demand for greater wideband capacity, Company plans are to replace these facilities with fiber optic technology rather than adding analog or digital radio equipment at each location. Some of the advantages over both analog and digital radio are that the fiber optics will provide the desired higher bandwidth and density, reduce interference due to weather or atmospheric conditions, facility growth is unlimited, and SONET availability. Savings will also be realized by a decrease in maintenance and in the elimination of repeaters. Also, the Company is discontinuing paging service and Improved Mobile Telephone Service (IMTS) which is generating more retirements. We find the Company proposed recovery schedule for this retiring investment with the associated

circuit equipment to be appropriate. The remaining investment is comprised of mobile maintenance radio communications equipment and used solely to communicate with Company-owned vehicles. Current Company plans are to utilize this remaining equipment with a projected retirement date of 2000. Based on this, we approve the 8.4 year remaining life and the use of zero net salvage.

Radio-Digital - It is our understanding that this equipment provides basic telephone service for Eglin Air Force Base. We find the Company proposal for this account to be appropriate and reasonable. The Company proposal of an L1 curve and a 10 year life table results in an 7.7 year remaining life. This takes into consideration that retirement of early generations will occur and is in line with industry projections. We find the Company proposal for a 15% net salvage to be appropriate based on the Company's plans for reuse of this equipment.

Circuit Equipment-Other - The investment in this category represents analog circuit equipment associated with two and four-wire private lines, special service circuits and subscriber concentrators and remains a viable part of Centel's operations. As technology advances, the need for this type of equipment will decrease. Based on this, we find the remaining life of 8.2 years as proposed by the Company is reasonable and appropriate. As this investment will be technologically displaced, there will be little or no salvage. Based on this, we employ a negative 5% net salvage which is in the range of averages for Florida.

Circuit Equipment-Digital - The Company's proposal takes notice of retirements resulting from advances in digital technology including the implementation of Synchronous Optical Network (SONET) Standards. We find this to be appropriate with the remaining life of 7.2 years proposed by the Company. The 10% net salvage is acceptable since some salvage will be realized from this equipment.

Circuit Equipment-Optical - This account has relatively little experience, and is forecasted to double in size over the next three years. It is expected that this equipment will be heavily impacted by SONET deployment; therefore, we maintain a whole life rate using an 8 year average service life and a zero salvage at this time. The Company should closely monitor this account for significant developments.

INFORMATION ORIGINATION/TERMINATION ASSETS:

Public Telephones-Coin Operated - This investment represents coin operated public telephone paystations and associated telephone

booths. The equipment in this account is being impacted by forces of competition and technology in addition to equipment life. Based on Company data related to age, we approve an eleven year average service life with zero net salvage. Early removal would be offset by gross salvage expected from some reuse market. The R2 curve is employed based on its acceptance as typical in the industry. Using the average age of 8.9 years, we approve a remaining life of 4.1 years.

The Company has stated that "little confidence can be placed in statistical analysis" because of insufficient retirement history for the account; the factors which they proposed had been selected in an attempt to recognize the various forces of mortality. Our treatment, which is set forth above has, the advantage of an industry-wide view.

Public Telephones-Coinless - Included in this account are coinless operated public telephone paystations and associated telephone booths. The Company has no retirement history to provide information regarding retirement patterns. Our treatment is based on industry averages for this type of equipment. The S2 curve is widely accepted with a 10 year average service life. Using the average age of 9.7 years results in an average remaining life of 2.7 years. We do not agree with the proposed 5% net salvage for this account. Anticipating lack of resale market for this equipment at retirement, we approve a zero net salvage at this time.

Station Apparatus - Line amplifiers, selective signaling equipment, termination sets, mechanized service order equipment and equipment associated with local special service circuits make up this account. The Company proposal is based on an 11.11 year average service life and an L1 curve. By comparison with others in the industry, we find that an average service life rounded to 11 years is reasonable. We employ the S2 curve which allows for minimal retirements in the first five years of the equipment life. The L1 curve shape has a greater retirement rate in the early years than Company data indicates. Using the average age of 4.1 years, with the other approved parameters results in a remaining life of 7.8 years. We approve the Company proposal of 2% net salvage, based on no cost of removal and minimal scrap value for this equipment.

Private Lines - The investment in this account represents private line carrier equipment, line amplifiers, selective signaling equipment, termination sets and associated equipment used to interconnect with other companies. We employ an average service life of eleven years with an S2 curve, based on anticipated

technological obsolescence, with industry-typical retirements in the interim period. We approve a remaining life of 3.7 years, from these parameters and the recalculated account age of 9 years. We approve the Company proposal to maintain the currently approved net salvage of 2%, which is also typical of the industry view for this account.

Hearing Devices - Represented in this account is the Company's investment in telecommunication devices for the deaf and hearing impaired. As indicated in the data, this investment was placed in 1991. Based on this, we approve a whole life rate using an eight year average service life and zero net salvage. This is in line with industry averages for this type of equipment.

Network Carrier - This account is made up of network carrier equipment located on the customer's premise and includes multiplexing and surge protection equipment. The embedded portion of this plant is 100% recovered at this time. It is anticipated that net salvage would be zero or slightly positive, based on scrap value of obsolete equipment and negligible cost of removal. For any new additions to this account, we employ a whole life rate of 12.5% based on an eight year average service life, with zero net salvage.

OUTSIDE PLANT ASSETS:

Poles - We employ a 22 year service life and an R2 retirement curve based on industry averages, which result from dynamics similar to those experienced by Centel in this account. From these parameters with the age of 12.7 years, we employ a remaining life of 11.7 years. A recent increase in labor cost is reflected in the 60% net salvage.

Aerial Cable-Metallic - In keeping with recent projections from other companies in Florida, we approve a 10.6 year remaining life for this account. This is the result of an S0 curve with an 18 year life table. The retirements for this account over the last five years have only been around 2% and, with so little activity, do not produce meaningful results. Therefore, rather than the proposed negative 40% net salvage we employ a negative 30% net salvage. We find that as the large scale retirements begin to occur, the removal of this plant should not be as costly in the future as in the past.

Underground Cable-Metallic - We approve a 10.2 average remaining life for this account. This is the result of an R2 curve and a 21 year life table. This is in keeping with recent projections from other companies in Florida. The Company proposal

of a negative 35% net salvage is based on retirements representing less than 2% of the investment and cannot be considered reliable in estimating future net salvage. Current industry estimates for net salvage range from zero to negative 12%. Therefore, we find it appropriate to retain the currently prescribed negative 8% net salvage.

Buried Cable-Metallic (Filled) - We approve an average remaining life of 12.6 years. This is a result of using the R3 curve with a 19.5 year life table. We find this to be reasonable and in line with the industry current projections. It appears that the proposed net salvage of negative 20% is too high considering that most of this investment will be abandoned in place. However, taking into consideration that some associated equipment such as pedestals are physically removed, we employ a negative 5% net salvage.

Buried Cable-Metallic (Non-Filled) - We approve an average remaining life for this account of 4.2 years. This is based on the use an L2 curve and a 15 year average service life. The Company proposed curve (S4) is not in keeping with the experience of this account. The S4 curve implies no infant mortality yet non-filled buried cable, for some years now, has experienced a high rate of failure due to water infiltration problems. Thus, we employ a negative 5% net salvage instead of the proposed negative 20%.

Submarine Cable-Metallic - We find that the Company life and salvage parameters for the account to be reasonable and acceptable.

Intrabuilding Cable-Metallic - This investment relates to distribution cable on customers' premises. We approve a remaining life of 12.8 years based on the R2 curve and a 20 year life table. This is in line with other projections from the industry in Florida. It is our understanding that approximately 94% of this account is made up of aerial cable and 6% is buried cable. Based on this makeup, we employ a negative 30% net salvage which is the same as Aerial Cable-Metallic instead of the proposed negative 40%.

Aerial Cable-Fiber, Underground Cable-Fiber, Buried Cable-Fiber, Submarine Cable-Fiber, Intrabuilding Cable-Fiber - The Company has proposed moving to a remaining life rate for these accounts. A review of budgeted additions over the next three years shows significant growth. This expected growth, in turn, relates to a relatively young age and results in the service life and remaining life being approximately the same during this period. For this reason, we maintain a whole life rate for this account based on the currently prescribed 20 year average service life, with a negative 5% net salvage.

Aerial Wire - The remaining investment in this account is slated for retirement in 1992; therefore, recovery should be accomplished in 1992. This is addressed in Section 4 of this Order where reserve transfers are established to provide for necessary recovery.

Conduit - We accept the 50 year service life and R4 life pattern proposed by the Company since these proposals are in line with industry averages. Using the recalculated age of 15.3 years, we employ a remaining life of 35 years. The net salvage of (5%) reflects the minimal activity required for disconnection at final retirement.

7. Capital Recovery Schedules

We approve recovery schedules as follows:

- Radio-Analog
- Digital Switching-Local
- Circuit-Digital (Associated with Digital-Switching)
- Circuit-Other (Associated with Digital-Switching)
- Self Supporting Towers (Associated with Radio-Analog)
- Poles (Guyed Towers Associated with Radio-Analog)
- Aerial Wire

As discussed in Section 5 of this Order, the unrecovered costs associated with these recovery schedules are being offset by the amounts ordered in Order Nos. 24178 and 24985.

The previously approved recovery schedules for the Continental Telephone Company investments are due to end in 1992 for Circuit-Digital and in 1993 for Local Switching-Digital. These schedules remain appropriate as previously ordered in Order No. 17783.

The approved recovery schedules are designed to provide recovery over the remaining period that the investment will be serving the public. The monthly expense for these schedules should be obtained by dividing the net plant for the month by the number of months remaining in the recovery period. This allows for any changes in retirement dates and interim activity so that full recovery will be achieved.

Based upon the foregoing, it is

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ORDERED by the Florida Public Service Commission that each and every finding set forth herein is approved in every respect. It is further

ORDERED that there is a need to revise the depreciation rates for Central Telephone Company of Florida. It is further

ORDERED that a January 1, 1992 date for implementation of new rates and capital recovery schedules is hereby approved. It is further

ORDERED that the Company's planned near-term retirements are reasonable. It is further

ORDERED that reserve allocations from existing recovery schedules/retired assets are approved as set forth at Attachment 1 of this Order. It is further

ORDERED that depreciation amounts from the Company's last rate case and settlement of the parent company debt adjustment shall be made account specific as shown on Attachment 2 of this Order. It is further

ORDERED that the appropriate depreciation rates and components are those set forth at Attachment 3 of this Order. It is further

ORDERED that the appropriate capital recovery schedules are those set forth at Attachment 4 of this Order. It is further

ORDERED that provided no timely protest to this Proposed Agency Action Order is received, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 10th day of September, 1992.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

CWM

by: Kay J. [Signature]
Chief, Bureau of Records

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, Florida 32399-0870, by the close of business on October 1, 1992.

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.

CENTRAL TELEPHONE CO. OF FLORIDA
 1992 DEPRECIATION STUDY

ORDERED RESERVE ALLOCATIONS
 FROM EXISTING RECOVERY SCHEDULES

ACCOUNT	1-1-92 BOOK RESERVE (\$)	REALLOCATIONS (\$)	1-1-92 RESTATE RESERVE (\$)
COE -			
Step-by Step	142,346	(142,346)	-0-
Crossbar	446,649	(446,649)	-0-
Analog Sw.	(335,223)	335,223	-0-
Bldg.s Other (Existing Rec. Sched.)	(26,525)	68,500	41,975
Self-Support Towers (Retiring '92-93)	163,334	77,190	240,524
Aerial Wire	<u>(100,163)</u>	<u>108,082</u>	<u>7,919</u>
Totals	290,418	-0-	290,418

CENTRAL TELEPHONE CO. OF FLORIDA
1992 DEPRECIATION STUDY
ORDERED ACCOUNT-SPECIFIC ALLOCATION
OF THE BOTTOM-LINE RESERVE
FROM ORDERS NO. 24178 AND 24985
(UTILYZING RESERVE ALLOCATIONS
FROM EXISTING REC. SCHED.S)

(\$000)

<u>ACCOUNT</u>	<u>1-1-92 BOOK RESERVE</u> (\$)	<u>TRANSFERS</u> (\$)	<u>1-1-92 RESTATE D RESERVE</u> (\$)
Recovery Schedules #	5,375	3,379	8,754
Digital Toll (2212.20)	1,177	586	1,763
Digital Circuit (2232.20)	10,110	302	10,412
U. Grnd Cable (2422.11)	8,588	512	9,100
Bottom-line Reserve	<u>4,779</u>	<u>(4,779)</u>	<u>-0-</u>
Totals	30,029	-0-	30,029

See ATTACHMENT #4

CENTRAL TELEPHONE COMPANY
 1992 STUDY
 COMMISSION APPROVED RATES

ACCOUNT	AVERAGE REMAINING LIFE (yrs)	NET SALVAGE (%)	BOOK RESERVE (%)	REMAINING LIFE RATE (%)
GENERAL SUPPORT ASSETS				
Automobiles	3.1	15	46.07	12.6
Automobiles	3.1	15	46.07	12.6
Light Trucks	4.9	12	40.45	9.7
Heavy Trucks	5.7	10	44.97	7.9
Buildings - Multi Switch	26	(3)	24.98	3.0
Buildings - Single Switch	26	(3)	26.70	2.9
Buildings - Office	27	(3)	17.07	3.2
Buildings - Plant	25	(3)	36.06	2.7
Buildings - Other	21	(3)	23.54	3.8
Self Sprt. Antennas	8.5	(15)	42.69	8.5
CENTRAL OFFICE ASSETS				
Packet Switching	16.5	10	11.34	4.8
Toll Embedded	7.2	5	52.52 **	5.9
Digital Local Switches				
Total Local Embedded	13.5	10	32.75	4.2
New additions after 1/1/92	16.5	10	0	5.5 *
Digital Switching Software	13.5	0	68.98	2.3
Packet Switching Software	16.5	0	47.17	6.1 *
Digital Toll Boards	10.0	0	58.46	4.2
Radio - Analog	8.4	0	70.41 **	3.5
Radio - Digital	7.7	15	15.34	9.0
Circuit Eqpt. - Other	8.2	(5)	46.64	7.1
Circuit Eqpt. - Digital	7.2	10	27.36 **	8.7
Circuit Eqpt. - Optical	8.0	0	27.94	12.5 *
INFORMATION ORIGINATOR/TERMINATION				
Public Telephone Equipment				
Coin Operated	4.1	0	76.52	5.7
Coinless	2.7	0	46.56	19.8
Other Terminal Equipment				
Station Apparatus	7.8	2	52.15	5.9
Private Lines	3.7	2	77.98	5.4
Hearing Devices	8.0	0	0.91	12.5 *
Network Carrier - Embedded	N/A	N/A	N/A	N/A
Ntwrk Cxr - New Adds after 1-1-92	8.0	0	0	12.5 *
CABLE AND WIRE FACILITIES				
Aerial Cable				
Poles	11.7	(60)	44.31	9.9
Metallic				
Fiber	10.6	(30)	40.15	8.5
Underground Cable				
Metallic	20.0	(5)	17.02	5.3 *
Metallic				
Fiber	10.2	(8)	41.45 **	6.5
Buried Cable				
Metallic (Filled)	20.0	(5)	13.21	5.3 *
Metallic (Nonfilled)				
Fiber	12.6	(5)	32.61	5.7
Submarine Cable				
Metallic	4.2	(5)	89.21	3.8
Fiber	20.0	(5)	14.77	5.3 *
Intrabuilding Network Cable				
Metallic	7.1	0	69.85	4.2
Fiber	20.0	(5)	13.98	5.3 *
Conduit Systems				
Metallic	12.8	(30)	42.78	6.8
Fiber	20.0	(5)	1.32	5.3 *
Conduit Systems	35	(5)	26.07	2.3
AMORTIZABLE PLANT				
Garage Work Equip.			7 Yr. Amort.	
Other Work Equip.			7 Yr. Amort.	
Furniture			10 Yr. Amort.	
Office Equipment			7 Yr. Amort.	
Company Communications			5 Yr. Amort.	
General Purpose Computers			5 Yr. Amort.	

*Denotes whole life rate

**Denotes restated reserve

CENTRAL TELEPHONE COMPANY OF FLORIDA
1992 STUDY
SUMMARY OF APPROVED CAPITAL RECOVERY SCHEDULES

ORDER NO. PSC-92-0973-FOF-TL
DOCKET NO. 911236-TL
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	1-1-92 INVESTMENT (000)	1-1-92 RESERVE (000)	EST. ADDS. (000)	EXPECTED SALVAGE (000)	NET TO BE RECOVERED (000)
Radio - Analog					
1992 Rets.	3,191	2,675	0	0	516
1993 Rets.	1,667	755	0	0	912
1994 Rets.	0	0	0	0	0
1995 Rets.	39	17	0	0	22
Total	4,897	3,447	0	0	1,450
Digital Switching - Local					
1992 Rets.	503	261	0	47	195
1993 Rets.	2,509	1,216	13	238	1,068
Total	3,012	1,477	13	285	1,263
Circuit - Digital (Assoc. with Digital Sw.)					
1993 Rets.	483	129	0	48	306
Total	483	129	0	48	306
Circuit - Other (Assoc. with Digital Sw.)					
1993 Rets.	35	16	0	4	15
Total	35	16	0	4	15
Self Supporting Towers (Assoc. with Radio - Analog)					
1992 Rets.	339	214	0	(51)	176
1993 Rets.	43	26	0	(7)	24
Total	382	240	0	(58)	200
Poles (Guyed Towers assoc. with Radio - Analog)					
1992 Rets.	114	50	0	(57)	121
1993 Rets.	19	8	0	(9)	20
Total	133	58	0	(66)	141
Aerial Wire					
1992 Rets.	8	8	0	(4)	4
Total	8	8	0	(4)	4
TOTAL	8,950	5,375	13	209	3,379*

ATTACHMENT 4

*The expenses associated with these recovery schedules are offset by the approved reserve allocations.