

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Modified Minimum Filing ) DOCKET NO. 910927-TL  
Requirements Report of ST. JOSEPH ) ORDER NO. PSC-92-1375-AS-TL  
TELEPHONE AND TELEGRAPH COMPANY. ) ISSUED: 11/30/92  
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The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK  
BETTY EASLEY

FINAL ORDER ACCEPTING PROPOSAL TO RESOLVE  
CERTAIN ISSUES RELATED TO REVENUE REQUIREMENT  
AND DISPOSING OF 1991 OVERTURNINGS

BY THE COMMISSION:

I. Background

St. Joseph Telephone and Telegraph Company (St. Joe or the Company) filed its Modified Minimum Filing Requirements (MMFRs) on September 30, 1991, using a test year ended June 30, 1991. In Docket No. 910462-TL, the Company's 1991 earnings were capped at its approved 13.9% return on equity (ROE) ceiling. The 1991 earnings were to be trued-up in Docket No. 910927-TL (this docket), using the 1991 Cost Study to be received in June, 1992.

By Order No. PSC-92-0284-FOF-TL, issued May 5, 1992, St. Joe was required to file its Minimum Filing Requirements (MFRs) for the test year ended December 31, 1991. Those schedules were filed on July 15, 1992. The matter was set for hearing by the same Order. The procedures to govern the hearing were established by Order No. PSC-92-1054-PCO-TL, issued September 23, 1992. That Order also sets forth the issues to be addressed in the hearing, as well as a schedule for key events.

On October 27, 1992, St. Joe filed a proposal to resolve certain issues in this docket. On November 2, 1992, the Office of Public Counsel (OPC) filed a letter agreeing to St. Joe's proposal. At our November 3, 1992, Agenda Conference, we determined that it was appropriate to accept the Company's proposal as set forth below.

II. 1991 Overearnings

By Order No. 25630, issued January 22, 1991, in Docket No. 910462-TL, the Commission approved a proposal by St. Joe to cap its 1991 earnings at its approved 13.9% ROE. The Order directed that

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we would review the 1991 earnings in the MMFR docket and true-up the 1991 earnings, after completion of the cost study in June, 1992.

We find that the final amount of overearnings for 1991 is \$110,718. St. Joe shall refund a total of \$118,481, which includes \$7,763 of interest, in order to dispose of the overearnings. The refund shall be made as a credit to residential and business customers in the same proportion as the various local exchange rates bear to each other. The refund shall be made to customers of record during the December, 1992, billing cycle and be reflected in the January, 1993, bill. This refund shall in all manner conform to the requirements of Rule 25-4.114, Florida Administrative Code.

### III. Revenue Requirement

The Company's proposal states that the Company would consent to the entry of an order which incorporates the following points:

1. Sets an authorized ROE of 12.5%  $\pm$  1%.
2. Decreases revenue annually by \$534,582, on a prospective basis, based upon a 1993 calendar year test period. Rates implementing the decrease would be implemented at the time of final disposition of all issues in this docket.
3. Orders refunds for the interim period beginning January 7, 1992, and ending with the establishment of final rates, with refunds calculated based upon a surveillance report for the twelve-month period ending October 31, 1992.
4. Considers this MMFR proceeding as the most recent rate case for all purposes.

We believe the Company's proposal, which OPC has agreed to, is a reasonable and appropriate resolution of these issues. Such action will minimize rate case expense, and the ROE is reasonable in light of the testimony that has been filed and is consistent with recent Commission decisions on this subject. Given St. Joe's initiative to reduce its equity ratio and its projected ratio of 48%, we believe it is appropriate not to pursue this issue further at this time.

For 1993, the Company proposes a reduction to revenue of approximately \$534,000. The Company's proposal incorporates appropriate adjustments. We believe that the Company's proposal is reasonable and should be accepted.

By Order No. 25686, the Commission found the appropriate amount of revenue to be placed subject to refund for 1992, including certain adjustments, is \$445,935 annually. The Company was directed to hold such revenues subject to refund, with interest, in accordance with Rule 25-4.114, pending the result of the review of the MMFRs in this docket.

A hearing was held on February 27, 1992, on the issue of an appropriate equity ratio for the Company. At the conclusion of the testimony, St. Joe made an offer to increase the amount of revenue being held subject to refund, with interest, to a total of \$700,000 annually. We accepted the Company's offer as reflected in Order No. PSC-92-0149-FOF-TL, issued April 2, 1992.

The Company has proposed that the interim refund be based on an Earnings Surveillance Report for the twelve months ended October 31, 1992, using a 12.5% return on equity. A surveillance report for the twelve months ended October 31, 1992, will incorporate most of the actual interim period which began on January 7, 1992; therefore, we agree with the use of this report to calculate the interim refund.

Finally, we find it consistent with the intent of Section 364.035(3), Florida Statutes, to treat this MMFR proceeding as the most recent rate case proceeding for all future purposes.

In closing, we note that issues related to the Company's rates remain pending and shall be addressed during the November 20, 1992, hearing.

Based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that the final amount of overearnings for 1991 for St. Joseph Telephone and Telegraph Company is \$118,481, which includes interest in the amount of \$7,763. It is further

ORDERED that the 1991 overearnings shall be disposed of by St. Joseph Telephone & Telegraph Company through a refund, such refund to be made as a credit to residential and business customers in the same proportion as the various local exchange rates bear to each other. It is further

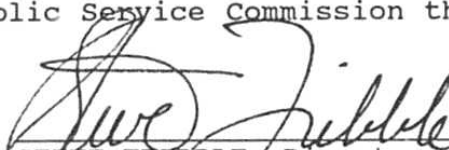
ORDERED that the refund for 1991 shall be made to customers of record during the December, 1992, billing cycle and shall be reflected in the January, 1993, bill. It is further

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ORDERED that the proposal submitted by St. Joseph Telephone and Telegraph Company on October 27, 1992, to resolve certain issues related to the revenue requirement is hereby approved for the reasons set forth herein. It is further

ORDERED that this docket shall remain open pending the hearing to be held on November 20, 1992, and the refund of the 1991 overearnings.

By ORDER of the Florida Public Service Commission this 30th day of November, 1992.

  
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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) 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 sewer 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 after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.