

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of) DOCKET NO. 921156-TL
specified accounting treatment) ORDER NO. PSC-93-0882-AS-TL
by UNITED TELEPHONE COMPANY OF) ISSUED: June 10, 1993
FLORIDA.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

ORDER APPROVING STIPULATION

BY THE COMMISSION:

On November 5, 1992, United Telephone Company of Florida (United or the Company) filed a petition for approval of specified accounting treatment for the amortization of debt expense and premium in connection with the redemption and issuance of its first mortgage bonds. United requested that the costs associated with refinancing its first mortgage bonds be amortized over the life of the new debt.

On March 1, 1993, we issued Proposed Agency Action Order No. PSC-93-0319-FOF-TL (the Order) which granted in part and denied in part the Company's petition. By the Order, we granted the amortization of associated debt refinancing costs. However, to mitigate the problem of accumulating unamortized refinancing costs through successive refinancing, we ordered that the costs be amortized over the life of the new bonds or the old bonds, whichever is shorter. On March 17, 1993, the Office of Public Counsel (OPC) protested the Order. A hearing was scheduled for August 23, 1993.

On April 21, 1993, United and OPC jointly filed a stipulation (Attachment A) in settlement of this docket. The stipulation provides that the unamortized debt expense and redemption premiums associated with the first mortgage bonds, AA and BB, identified in the exhibit to the Company's Petition will be amortized in accordance with Order No. PSC-93-0319-FOF-TL. It further provides that the unamortized debt expense and redemption premiums for other first mortgage bonds which were refinanced in 1992 or will be refinanced in 1993 will be expensed. Upon further clarification from United and OPC, this accounting treatment is meant to apply to

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first mortgage bonds identified in the exhibit attached to the Company's Petition and any other refinancing which the Company may undertake during 1993. In 1992, the Company refinanced six first mortgage bonds with associated refinancing costs of \$2,400,547, total company. Expensing these costs reduces 1992's intrastate achieved ROE by approximately 23 basis points which is already reflected in the Company's surveillance report. The first mortgage bonds AA and BB have total refinancing costs of approximately \$15 million. Upon approval of the stipulation, these costs will be amortized in accordance with the Order.


Based on policies and guidelines set by the GAAP and the FCC, coupled with our past decisions regarding both telephone and electric companies, various accounting treatments are available. Upon review, we find that the accounting treatments for debt refinancing costs set forth in the stipulation are reasonable. We approve the stipulation.

Based upon the foregoing it is

ORDERED by the Florida Public Service Commission that the stipulation discussed in the body of this order is hereby approved. It is further

ORDERED that this docket is hereby closed.

By ORDER of the Florida Public Service Commission this 10th day of June, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

CWM

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.

Florida Public Service Commission
APR 23 1993
LEGAL COUNSEL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of)
specified accounting treatment) Docket No. 921156-TL
by UNITED TELEPHONE COMPANY OF)
FLORIDA)
_____)

STIPULATION

The Citizens of the State of Florida, represented by the Office of Public Counsel ("OPC"), and United Telephone Company of Florida ("United"), collectively the "parties," submit this Stipulation as settlement of the above-styled docket, and say:

I. Background

On November 5, 1992, United filed a petition for specified accounting treatment for the amortization of debt expense and premiums in connection with the redemption and issuance of first mortgage bonds. On March 1, 1993, the FPSC entered Order No. PSC-93-0319-FOF-TL which granted in part and denied in part the Petition. On March 17, 1993, the Citizens filed a Petition of Proposed Agency Action.

The final hearing in this docket is now scheduled for August 23, 1993. During the course of preparing for this hearing, the parties have discussed the possibility of reaching agreement on certain issues. Based on these discussions, the parties mutually agree as follows:

1. Entire Agreement. This Stipulation represents the entire agreement between the parties.
2. Specified Accounting Treatment. The amortized debt expense and redemption premiums associated with the first mortgage bonds identified in the exhibit to United's

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Petition as United Telephone of Florida Series AA and United Telephone of Florida Series BB shall be accounted for in accordance with Order No. PSC-93-0319-FOF-TL.

The debt expense and redemption premiums for other first mortgage bonds which were refinanced in 1992 or will be refinanced in 1993 shall be expensed.

3. Effect of Approval of Stipulation. The Commission's approval of this Stipulation eliminates the need for the Commission to resolve any issues raised in this docket, except those expressly agreed to in this Stipulation. By agreeing to the terms and conditions enumerated herein, the parties are not acknowledging or conceding the propriety of any issue that has been or may be raised in this docket.

4. Other Matters.

a. The Stipulation reached in this docket is based on the factual circumstances of this case and shall have no precedential value in proceedings involving other utilities before this Commission. The parties reserve the right to assert different positions on the matters contained in this Stipulation if this Stipulation is not accepted by the Commission or in other proceedings before this Commission.

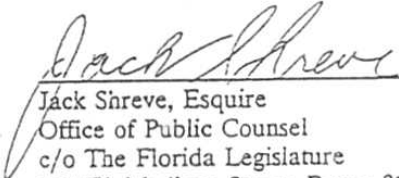
b. The parties hereto shall support the acceptance of this Stipulation by the Commission.

c. Neither of the parties hereto shall appeal the order which approves this Stipulation.

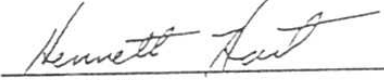
d. The parties urge that the Commission take final agency action approving this Stipulation at the earliest possible time.

e. This Stipulation shall be effective upon Commission approval. In the event the Commission rejects or modifies this Stipulation, in whole or in part, the parties agree that this Stipulation is void unless otherwise ratified by the parties, and that each party may pursue its interests as those interests exist, and that no party will be bound to or will make reference to this Stipulation before this Commission or any court.

DATED this 20th day of April, 1993.



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