

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into the regulatory)	DOCKET NO. 880928-TL
assessment fee calculations for 1985 and)	ORDER NO. 21375
1986 of VISTA-UNITED TELECOMMUNICATIONS)	ISSUED: 6-13-89

The following Commissioners participated in the disposition in this matter:

MICHAEL MCK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTION

AND

ORDER REQUIRING VISTA-UNITED TELECOMMUNICATIONS
 TO PAY ADDITIONAL REGULATORY ASSESSMENT FEES AND INTEREST
 AND TO FILE REVISED REPORTS

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 substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Section 350.113(3)(b), Florida Statutes (1987), requires each telephone company licensed or operating under Chapter 364 to pay a Regulatory Assessment Fee equal to "one-eighth of one percent of its gross operating revenues derived from intrastate business." In its reports of the Regulatory Assessment Fees filed for the years 1985 and 1986, Vista-United Telecommunications (Vista) showed a marked decrease in directory advertising revenues being reported from 1985 to 1986. Our Staff inquired about this decrease and learned that Vista changed its reporting practice because it entered into a publishing agreement with Uni-Don Partnership (Uni-Don), an affiliated company.

Vista is owned by Vista Communications, Inc., with a 51% interest, and Florida Telephone Corporation, with a 49% interest. The former corporation is a wholly-owned subsidiary of the Walt Disney Company, and the latter is a wholly-owned subsidiary of United Telecommunications, Inc. (UTI), the parent company of United Telephone Company of Florida (United). Uni-Don is a partnership owned in equal shares by Directories America, a subsidiary of UTI, and Reuben H. Donnelley Corp., a publishing company that is not affiliated with Vista. Uni-Don publishes a Central Florida directory on behalf of both Vista and United and co-mingles the revenues and expenses of publishing this directory.

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Our Staff informed Vista of its belief that the Regulatory Assessment Fees for 1986 should be recalculated because the revenues retained by affiliated companies should have been attributed to Vista. Staff also indicated to Vista that the 1986 gross operating revenues from the Central Florida directory should be divided for reporting purposes between the two telephone companies. Further, Staff suggested that this division be based on the relative percentages of the total revenues received by each company in 1985, the last year that their directory operations were separated: 96.5% for United and 3.5% for Vista.

On April 19, 1989, Vista submitted a proposal to pay additional Regulatory Assessment Fees in the amounts of \$685 for 1986 and \$709 for 1987 in settlement of the issues in this docket. These amounts were calculated based on 3.5 percent of the total revenues from the Central Florida directory. Moreover, the company offers to pay Regulatory Assessment Fees for 1988 and thereafter based on the same methodology.

Upon consideration, we will approve the above portion of Vista's proposal; however, we are unable to accept Vista's offer in its entirety because there is no provision for interest. Interest on payments of Regulatory Assessment Fees received beyond the due dates is provided for by Section 350.113(2), Florida Statutes. We believe it appropriate for Vista to pay interest in the amounts of \$192 for 1986 and \$113 for 1987 if the additional Regulatory Assessment Fees are paid by May 30, 1989. Accordingly, in settlement of the issues in this docket, Vista is required to pay the total amount of \$1,699 relating to 1986 and 1987 directory revenues and an amount for 1988 to be calculated as outlined above.

Section 364.037, Florida Statutes, sets out the regulatory treatment of the gross profits derived by telephone companies from directory advertising. This statute is intended to secure most of the benefits of such profits for telephone companies' ratepayers while furnishing the companies with an incentive for profitable operation by removing the balance of these profits from the regulatory process for the stockholders' benefit. Staff indicated to Vista that the 1986 gross profits from the Central Florida directory should be divided between Vista and United using the same methodology approved above.

Vista's proposal offers to report 3.5% of the total gross profits from the Central Florida directory as its actual test year gross profits for purposes of this statute. This would result in the amounts of \$260,750 for 1986 and \$261,765 for 1987 being reported as gross profits from directory advertising in lieu of the lesser amounts that were actually reported, \$72,788 and \$69,996, respectively. We accept Vista's proposal to report as gross profits from directory advertising these amounts for 1986 and 1987 and an amount to be computed for 1988 using this methodology.

Further, Vista proposes that it not be required to record on its books and records these gross profits. Our action approving reporting requirements is subject to the company's submission of information that will be adequate for our use when its rates are adjusted next pursuant to our statutory

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duties. Vista is directed to maintain separate records which contain the necessary information needed to calculate and report gross profits from directory advertising in the manner set out above.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the April 19, 1989 offer of Vista-United Telecommunications to pay additional Regulatory Assessment Fees is hereby rejected. It is further

ORDERED that Vista-United Telecommunications shall pay Regulatory Assessment Fees, plus interest, on 3.5 percent of the gross operating revenues derived from advertising in the Central Florida directory in accordance with the directions in the body of this Order. It is further

ORDERED that Vista-United Telecommunication shall report 3.5% of the total gross profits as imputed directory advertising revenues from the Central Florida directory for the actual test year for purposes of the calculations contemplated by Section 364.037, Florida Statutes, and Rule 25-4.0405, Florida Administrative Code, and shall file revised reports in accordance with the directions in the body of this Order. It is further

ORDERED that this docket shall be closed at the expiration of the period established below if a proper protest is not received and when the additional Regulatory Assessment Fees, plus interest calculated from the original due date of the fees until the additional fees are paid, have been received for the years 1986, 1987 and 1988.

By ORDER of the Florida Public Service Commission,
this 13th day of JUNE, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

DLC

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

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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 July 5, 1989. In the absence of such a petition, this order shall become effective July 6, 1989 as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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 July 6, 1989, 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 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 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.