

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Refund of GULF TELEPHONE)	DOCKET NO. 890478-TL
COMPANY'S 1988 overearnings)	ORDER NO. 21398
)	ISSUED: 6-16-89

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTIONANDORDER ON REFUNDS

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.

By Order No. 19169-A, issued May 2, 1988, we approved a stipulation between Gulf Telephone Company (Gulf) and the Office of Public Counsel (OPC) to resolve Gulf's overearnings for 1986, 1987 and 1988 in Docket No. 870454-TL. The stipulation required Gulf to refund \$130,000 in 1986 overearnings to its customers. With regard to Gulf's 1987 earnings, Order No. 19451, issued June 6, 1988, required the company to make a preliminary refund of \$333,924, representing its earnings in excess of a 13.8% return on equity (ROE) plus \$9,370 in interest. A final "true-up" of 1987 overearnings was required by the stipulation to be based on the final 1987 separation cost study. However, the stipulation provided that, if the final "true-up" amount is calculated to be less than \$15,000, this amount will be included as part of Gulf's 1988 refund. Order No. 20506, issued December 22, 1988, found the final "true-up" amount for 1987 to be \$11,355 and accordingly ordered it to be included as part of a 1988 refund. Additionally, the stipulation stated that Gulf will provide a refund of its 1988 earnings in excess of a 14.8% ROE and interest on the 1987 final "true-up" amount and the 1988 refund.

The stipulation required Gulf to file a surveillance report for the purpose of showing the computation of the 1988 total refund, and on March 15, 1989, the company filed this report for the year ended December 31, 1988. The report indicated that Gulf's 1988 earnings exceeded a 14.8% ROE by \$274,664. After our Staff's preliminary audit, Gulf revised this report on April 26, 1989, to show excess earnings of \$283,740. Staff also learned that the Gross Receipts Tax expense for 1988 was overstated by an estimated amount of \$19,500, and we approve Staff's recommendation that Gulf

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increase the revised 1988 refund amount by \$19,822. As directed by Order No. 20506, Gulf shall include \$11,355 as part of the 1988 refund. Staff has calculated \$29,347 as the interest due for the period January 1, 1988, through June 30, 1989, on the 1988 refund plus the 1987 final "true-up" amount. We adopt Staff's recommendation that Gulf should refund the total amount of \$344,265.

The stipulation addressed customer refund procedures, and we find that these procedures should be used for calculating the 1988 refunds by substituting 1988 data for the 1987 data shown in the stipulation. Hence, the refund should be distributed to Gulf's customers of record as of December 31, 1988. Moreover, we believe that customers who received service continuously for the eleven-month period prior to December 1, 1988, and terminated their service during December of 1988 should also receive refunds. The rates and number of units data should be as of December 31, 1988, and the refund should be made during the late June 1989 billing cycle.

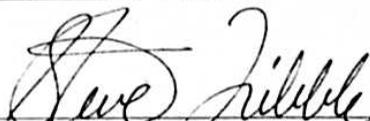
Now, therefore, it is

ORDERED by the Florida Public Service Commission that Gulf Telephone Company shall refund \$344,265, which includes \$11,355 for its 1987 final "true-up" and \$29,347 of interest, as a preliminary settlement of the 1988 overearnings pursuant to Order No. 19169-A, issued May 2, 1988. It is further

ORDERED that Gulf Telephone Company shall refund to customers of record as of December 31, 1988, the total amount approved above using the same procedure outlined in Order No. 19169-A, issued May 2, 1988, but substituting 1988 data for the 1987 data referred to therein and considering the rates and number of units data as of December 31, 1988: providing however, that customers who received service continuously for the eleven-month period prior to December 1, 1988, and terminated service during December of 1988 shall also receive refunds. It is further

ORDERED that this docket shall remain open to monitor the refunds and to determine the amount of any "true-up" refund of 1988 overearnings that may hereafter be required pursuant to Order No. 19169-A, issued May 2, 1988.

By ORDER of the Florida Public Service Commission,
this 16th day of JUNE, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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.

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 32399-0370, by the close of business on July 7, 1989. In the absence of such a petition, this order shall become effective July 10, 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 10, 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.