

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Citizens of the State of Florida for a limited proceeding to reduce GENERAL TELEPHONE COMPANY OF FLORIDA'S authorized return on equity)	DOCKET NO.870171-TL
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In re: Investigation into the proper application of Rule 25-14.003, F.A.C., relating to tax savings refund for 1988 and 1989 for GTE FLORIDA, INC.)	DOCKET NO. 890216-TL
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In re: Petition of GTE FLORIDA, INC. requesting a reduction to the busy hour minute of capacity (BHMOC) rate element, a reduction to cellular rates, implementation of time-of-day discounts and accompanying adjustments to EAEA compensation)	DOCKET NO. 891199-TL
)	ORDER NO. 22646
)	ISSUED: 3-8-90
)	
)	

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

ORDER ACCEPTING WITHDRAWAL OF PROTEST

BY THE COMMISSION:

In Dockets Nos. 870171-TL and 890216-TL, we held several days of hearings to address GTE Florida, Inc.'s (GTEFL) tax expense savings stemming from the Tax Reform Act of 1986. In Docket No. 891199-TL, GTEFL filed a petition and proposed tariff revisions to reduce its BHMOC, implement time of day discounts on terminating FGD, and to make corresponding adjustments to its intraEAEA compensation and mobile interconnection rates. GTEFL also seeks a ruling that these permanent rate reductions are appropriate offsets to any tax savings for 1990 and beyond.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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As a result of the hearing, the 1988 tax savings for GTEFL were determined to be \$41,281,000, of which \$19,894,000 was found to have been offset through earlier access charge and zone charge rate reductions. Accordingly, it was determined that a permanent rate reduction of \$21,387,000 will eliminate the need for future tax proceedings.

On December 20, 1989, in Dockets Nos. 870171-TL and 890216-TL, the Commission issued Order No. 22322 (the PAA), proposing to reduce certain rates by the amount of GTEFL's 1988 tax savings which have not already been reflected in customer rate reductions. These proposed reductions would also dispose of tax savings for 1990 and beyond. The proposed rates were to become effective on January 11, 1990.

In the PAA, we proposed permanent rate reductions to GTEFL's Touchtone Service rates to a level of \$.50 for residential, \$1.00 for business and \$2.00 for Private Branch Exchange subscribers; elimination of all zone charges; elimination of two-party service by the end of 1990; and reductions of the BHMOC rate to \$3.30.

On January 10, 1990, GTEFL filed a Petition on Proposed Agency Action and Request for Hearing. Because of this protest, the rate reductions have been stayed pending the outcome of the protest. On January 11 and 16, 1990, our Staff met with GTEFL and the Office of Public Counsel via a conference call, in order to attempt to resolve GTEFL's protest as expeditiously as possible. No specific agreement was reached between the parties.

GTEFL filed a conditional withdrawal of its protest on January 18, 1990. GTEFL has offered to withdraw its protest of the PAA subject to the following conditions:

- 1) GTEFL will be permitted to increase the BHMOC rate if the Commission decides that time-of-day discounts on terminating Feature Group D access should be implemented during 1990. The revenue reduction associated with the implementation of time-of-day discounts for Feature Group D terminating access is approximately \$7,400,000. This proposal will allow GTEFL to offset the terminating time-of-day access reductions, if they are ordered, through increasing the BHMOC.

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The increase in the BHMOC would be extended only to the end of 1990 and would be reduced to the rate ordered in Docket Nos. 870171-TL and 890216-TL of \$3.30 (with time-of-day discounts on terminating access continuing) effective January 1, 1991; and,

- 2) GTEFL's October 1989 petition in Docket No. 891199-TL shall be withdrawn and of no further effect.

In addition, GTEFL stated that it can implement its Touchtone rate reduction and zone charge elimination retroactively to January 11, 1990. The company can implement the BHMOC rate reduction effective February 1, 1990 and the elimination of two-party service by the end of 1990.

Upon consideration, we accept the company's offer of withdrawal of its protest of the PAA. The issue of time-of-day discounts on terminating access will be resolved in Docket No. 880812 at our special agenda conference scheduled for March 15, 1990. For the balance of 1990, we believe it is reasonable to accept the company's BHMOC reduction here subject to a revenue neutral increase to accommodate the implementation of TOD discounts if that is so ordered. It is also appropriate that the BHMOC rate for 1991 and beyond be set at the \$3.30 level. We also believe that the effective dates agreed to by the company for the other rate reductions are reasonable. The effective date for Touchtone and zone charge reductions are the same as they would have been had the PAA not been protested. The later dates for the BHMOC and two-party service elimination are reasonable under the circumstances because of the logistics of implementation.

We also accept GTEFL's withdrawal of its petition and associated tariffs in Docket No. 891199-TL. However, GTEFL and Southern Bell Telephone and Telegraph Company shall file tariffs to reflect the rate and service changes set forth above. Having accepted GTEFL's withdrawal of its petition, Docket No. 891199-TL shall now be closed. Dockets Nos. 870171-TL and 890216-TL shall remain open.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that GTE Florida, Inc.'s contingent withdrawal of its protest of Order No. 22322 is accepted as set forth in the body of this Order. It is further

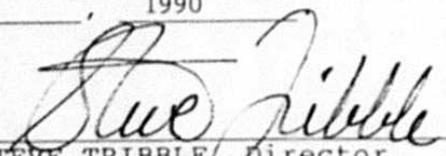
ORDERED that GTEFL's withdrawal of its petition and associated tariffs in Docket No. 891199-TL is accepted as set forth in the body of this Order. It is further

ORDERED that Docket No. 891199-TL be closed. It is further

ORDERED that Order No. 22322 is final and effective subject to the modified effective dates set forth in the body of this Order. It is further

ORDERED that, for the remainder of 1990, if the Commission implements time-of-day discounts in Docket No. 880812-TL, GTEFL shall be allowed to raise its BHMOC rate on a revenue neutral basis to equal the revenue reductions generated by TOD discounts, provided however that, if time-of-day discounts are implemented, GTEFL's BHMOC rate shall revert to the level set forth in the body of this Order on January 1, 1991.

By ORDER of the Florida Public Service Commission,
this 8th day of March, 1990



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.

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 Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.