

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petitions of SOUTHERN BELL)	DOCKET NO. 880069-TL
TELEPHONE AND TELEGRAPH COMPANY for)	
rate stabilization and implementation)	ORDER NO. 25558
orders and other relief)	
_____)	ISSUED: 1/2/92

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 SUSAN F. CLARK
 J. TERRY DEASON
 BETTY EASLEY

NOTICE OF PROPOSED AGENCY ACTION
ORDER IMPLEMENTING CUSTOMER CREDIT
AND
CANCELLING MARCH 1992 HEARING

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

I. BACKGROUND

By Order No. 20162, this Commission ruled on Southern Bell Telephone and Telegraph Company's (Southern Bell's or the Company's) petitions for rate stabilization and other relief. As a result of implementing a rate stabilization plan, the Commission expanded the Company's authorized range of return on equity to a minimum of 11.5% and a maximum of 16%. Within the expanded range, the Commission also implemented an earnings sharing plan. Any earnings in excess of 14% are to be shared, with 60% being given to Southern Bell's ratepayers and the other 40% to be retained by the Company. All earnings in excess of 16% after sharing are returned to the ratepayers. In addition, earnings stemming from certain exogenous factors and the net of rate increases, except regrouping, and rate decreases, were excluded from the sharing process.

By Order No. 24066, we extended Southern Bell's rate stabilization plan until December 31, 1992. We also set aside for subsequent disposition \$18,420,620 for 1991 and an additional \$21,868,551 for 1992. These amounts are in addition to the amounts previously identified for subsequent disposition relating to 1989 through 1990. By Order No. 24861, we determined the final amounts

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available for disposition. By Order No. 25367, we ordered Southern Bell to refund approximately \$100.8 million including interest through the end of February 1992. The \$100.8 million refund was based on amounts held for disposition for 1988 through the end of 1991.

At our November 5, 1991, Agenda Conference, we determined that an expedited hearing was needed to resolve the issue of final disposition of the excess revenues. The hearing was initially scheduled for January 5, 1992, and subsequently was rescheduled for March 5, 1992. At the issue identification conference held for the hearing, the Florida Interexchange Carriers Association (FIXCA) suggested to the Prehearing Officer that the necessity to achieve a permanent solution to the accrual of excess revenues could be lessened by implementing a monthly credit on customers' bills equal to the amount of the monthly accrual. At the suggestion of the Prehearing Officer, the subject of the credit was presented to this Commission.

II. CUSTOMER CREDIT

Until permanent rate reductions are made Southern Bell will continue to accrue excess earnings. The amount of revenue is not in dispute. See Order No. 24681. There is approximately \$39.9 million in unallocated revenue, plus approximately \$5 million remaining for Extended Area Service (EAS). Even on the expedited time frame for the hearing, a final decision cannot be made prior to late March 1992. Meanwhile, the revenues will continue to accumulate.

There is no question that Southern Bell's customers will receive the excess revenues. The only issue is when and in what fashion. The advantage of requiring a credit on customers' bills is that, as Southern Bell accrues excess earnings, the earnings are flowed directly to customers on their monthly bills. A disadvantage of requiring such a credit is that the elimination of the accrual would delay the implementation of a controversial proposed extended calling plan if that plan were to be chosen as the vehicle for permanent rate reduction. Another disadvantage of such a credit may be some customer confusion over the combination of refunds over the next three months in addition to a credit.

Upon consideration, we find that a monthly credit shall be implemented on customers' bills. The credit shall begin with the first billing cycle in 1992, and continue until we make a decision on the permanent disposition of the 1992 excess revenues. The credit shall be applied on customers' bills on a pro-rata basis in

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the same fashion as the refunds currently in progress are being made. The amount credited each month shall be equal to $1/12$ of the total amount of 1992 earnings subject to disposition. The amount of the credit shall be calculated for each customer consistent with the formula used to calculate the refunds as set forth in Order No. 25367. It is our intent that Southern Bell shall perform the pro-ration calculation only once. Accordingly, once the credit for a customer class is calculated for the first billing cycle, the credit for that class shall be the same for each subsequent billing cycle.

III. MARCH 1992 HEARING CANCELLED

The credit on customers' bills required above relieves some of the urgency to reach a decision about permanent rate reductions. We find that additional time to allow the parties to develop the full panoply of options is appropriate. Accordingly, we also find it appropriate to cancel the hearing previously set for March 1992 regarding permanent rate reductions. The subject matter of that proceeding will be addressed in the Southern Bell full rate proceeding.

Based on the foregoing, it is, therefore,

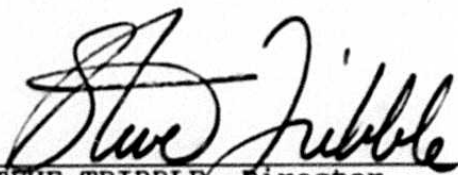
ORDERED by the Florida Public Service Commission that Southern Bell Telephone and Telegraph Company shall implement a monthly credit on customers' bills as set forth in the body of this Order. It is further

ORDERED that the hearing scheduled for March 1992 to consider permanent rate reductions for Southern Bell is cancelled as set forth in the body of this Order the subject matter of that hearing shall be addressed in the Company's full rate proceeding. It is further

ORDERED that our actions described herein shall become final following expiration of the protest period specified below, if no proper protest to our proposed agency action is filed in accordance with the requirements set forth below.

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By ORDER of the Florida Public Service Commission, this
2nd day of JANUARY, 1992.



STEVE TRIBBLE, Director
Division of Records and Reporting

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Commissioner Beard dissented from the Commission's decision to implement the credit on customers' bills.

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,

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Florida 32399-0870, by the close of business on
1/23/92.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 the date described above, 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 wastewater 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.