

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Modified Minimum Filing ) DOCKET NO. 910731-TL  
Requirements report of NORTHEAST ) ORDER NO. PSC-92-0368-FOF-TL  
FLORIDA TELEPHONE COMPANY ) ISSUED: 05/14/92  
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The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION  
ORDER DETERMINING DISPOSITION OF SUBSIDY REDUCTION  
AND REVENUE IMPACT OF LOCAL CALLING PLAN

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

On July 22, 1991, Northeast Florida Telephone Company (Northeast or the Company) filed Modified Minimum Filing Requirements (MMFRs) for the 12 months ending December 31, 1990. The filing reflected that Northeast had overearned in 1990. Northeast also estimated that the Company would overearn in 1991 and 1992, due in part to the interLATA and intraLATA subsidies received from Southern Bell Telephone and Telegraph Company (Southern Bell) and GTE Florida Incorporated (GTEFL).

Although a settlement agreement was filed by Northeast and the Office of Public Counsel (OPC), we rejected the proposal by Order No. 25723, issued January 14, 1992. The Commission's rejection of that proposal was based on the Company's continuing to receive subsidies from Southern Bell and GTEFL while earning in excess of its approved ROE. On March 6, 1992, OPC filed a protest of the Order, and requested a hearing. Northeast and OPC met and reached a new settlement agreement (the Agreement) which we addressed at the April 21, 1992 agenda conference. At the conference we approved the Agreement with modifications that eliminated certain

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proposed rate changes. Our approval of the Agreement is the subject of a separate order in this docket.

## II. DISCUSSION

The Agreement includes a reduction in the amount of interLATA and intraLATA subsidies paid to Northeast by Southern Bell and GTEFL. The modifications agreed to by both Northeast and OPC allow an additional \$111,000 reduction in the subsidies. This order addresses the treatment of the reduced subsidy payments. Additionally, we must also determine how any negative revenue impact to Southern Bell from the \$0.25 local calling plan approved in the Agreement should be handled.

First, we believe that it is appropriate to hold any reduction in the subsidy payments by Southern Bell to Northeast with the funds set aside for EAS implementation in Docket 880069-TL. Regarding the \$0.25 local calling plan, Southern Bell's toll revenue on the affected routes is approximately \$640,000 annually. Based upon the number of messages on these routes, the annual revenue impact of our action in this docket may be a loss of between \$350,000 and \$400,000. This assumes that any loss in terminating access charge revenue from Northeast, for calls to Jacksonville, will be offset by the gain from no longer paying terminating access charges to Northeast, for calls from Jacksonville. Any negative revenue impact to Southern Bell from this plan shall also be taken into account in Docket No. 880069-TL.

GTEFL filed MFRs on May 1, 1992, in Docket No. 920188-TL, and a revised depreciation study in March 1992. We believe it is appropriate to place GTEFL's portion of Northeast's interLATA subsidy reduction, into an unclassified depreciation reserve account until such time as rates are changed. If no rate changes occur before the completion of the MFR and depreciation dockets, the amount shall be addressed in the final disposition of either of those dockets. The amount accruing in the unclassified depreciation reserve account should be made account specific as part of the review of the depreciation study.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that any reduction in the subsidy paid by Southern Bell Telephone and

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Telegraph Company to Northeast Florida Telephone Company shall be taken into account in Southern Bell's EAS pool in Docket No. 880069-TL. It is further

ORDERED that any negative revenue impact to Southern Bell Telephone and Telegraph Company resulting from implementation of the \$0.25 local calling plan approved in this docket shall also be taken into account in Southern Bell's EAS pool in Docket 880069-TL. It is further

ORDERED that GTE Florida Incorporated shall place any subsidy decrease into an unclassified depreciation reserve account until such time as rates are changed. It is further

ORDERED that this docket shall be closed at the conclusion of the proposed agency action protest period, assuming no timely protest is received.

By ORDER of the Florida Public Service Commission, this 14th day of May, 1992.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

by: Kay Dwyer  
Chief, Bureau of Records

PAK

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

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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 June 4, 1992.

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.