

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: NORTHEAST FLORIDA) DOCKET NO. 920589-TL
TELEPHONE COMPANY's 1992) ORDER NO. PSC-93-0007-FOF-TL
depreciation study.) ISSUED: 01/04/93
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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 CHANGING DEPRECIATION RATES

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.

Rule 25-4.0175(8), Florida Administrative Code, requires telephone companies to file a comprehensive depreciation study at least once every three years. In compliance with this Rule, Northeast Florida Telephone Company (Northeast or the Company) filed its Depreciation Study (the Study) on June 9, 1992.

Ideally, recovery patterns and their expenses should be adjusted immediately upon perceiving the need for change. The supportive data and calculations underlying the proposed new rates are based on a January 1, 1992, implementation date. Therefore, we find it appropriate to approve January 1, 1992, as the implementation date for these new rates and recovery schedules.

Our decisions herein are the result of our comprehensive review of the Company's depreciation study. We will adopt the depreciation rates and amortization and recovery schedules as shown on the Attachments hereto. Attachment A shows the approved reserve reallocations; Attachment B shows the approved rate parameters (lives, salvages, and reserves); and Attachment C shows the approved capital recovery schedule.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

I. Reserve Reallocations

Attachment A reflects our approved reserve reallocations. The reserve allocations which we are approving are basically moving dollars from subaccounts which have been over-accrued in the past to those which are now seen as being in need of additional reserve. This is primarily a matter of differences in current and past projections, or past projections not matching actual activity. The approved reserve transfers do not have an impact on any accounts which involve arrangements with other affiliated or non affiliated companies.

II. Appropriate Lives, Net Salvages, Reserves, and Depreciation Rates

The approved appropriate lives, net salvages, reserves and resultant depreciation rates are reflected on Attachment B. The adjustments result in an estimated increase in annual depreciation expense of approximately \$91,000, based on January 1, 1992, plant-in-service.

The rates we are approving are the same as those requested by the Company for the following accounts: Motor Vehicles; Underground Cable, Metallic; Buried Cable, Metallic, Filled; and Buried Cable, Metallic, Non-filled. The buried cable, metallic, non-filled, is a type of asset which is being replaced due to maintenance and service problems. Within the next five years, over 80% of the sub-account is projected for retirement. However, because past projections have not been met, there is currently a reserve surplus. Accordingly, we approve a reallocation between non-filled and filled, with \$83,00 of surplus being shifted from the non-filled to filled sub-accounts.

Differences between the Company's requests and the life and salvage depreciation parameters we are approving occur in the following accounts: Digital Switching; Circuit Equipment; and, Aerial Cable, Metallic. In Digital Switching we included the effect of the expected 1992 growth in the account. For Circuit Equipment, our approved rates take into account information received from the Company subsequent to the filing of the Study. This information includes the estimate that approximately 40% of the circuit equipment is not SONET compatible, and that all of the optic equipment is asynchronous. Finally, for Aerial Cable, Metallic, our approved rates provide for a recovery schedule for

the 1992-1994 retirements, with a depreciation rate for the continuing assets. For the assets using a depreciation rate, the implied date of final retirement of embedded aerial metal cable is 2017.

III. Capital Recovery Schedules

The only recovery schedule we are approving is reflected on Attachment C. This schedule relates to the aerial metallic cable projected for retirement in the 1992-1994 period. This is the only circumstance where the Company is projecting retirements of a substantial portion of a relatively large and active account. The approved recovery schedule is designed to provide recovery over the remaining period that the assets will be serving the public. The monthly expense for this schedule should be obtained each month by dividing the net plant remaining to be recovered by the number of months the assets are expected to remain in service. This allows for any interim activity as well as changes in plans, so that only the full recovery will be achieved.

This proposed agency action order will become final if no protest is received during the period set out in the Notice of Further Proceedings or Judicial Review below. Since no further action is necessary, this docket shall be closed if no timely objections are filed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the depreciation rates and recovery schedules as set forth in Attachments B and C are hereby approved for Northeast Florida Telephone Company. It is further

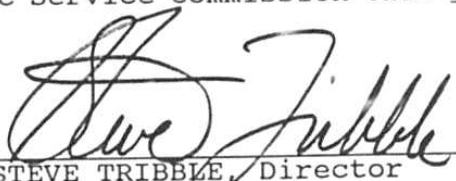
ORDERED that the implementation date for such rates shall be January 1, 1992. It is further

ORDERED that the reserve reallocations set out in Attachment A are hereby approved. It is further

ORDERED that our action herein shall become final and this docket shall be closed if no timely protest is filed in accordance with the requirements set forth below.

ORDER NO. PSC-93-0007-FOF-TL
DOCKET NO. 920589-TL
PAGE 4

By ORDER of the Florida Public Service Commission this 4th day
of January, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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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 32399-0870, by the close of business on January 25, 1993.

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.

ORDER NO. PSC-93-0007-FOF-TL
DOCKET NO. 920589-TL
PAGE 5

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.

NORTHEAST FLORIDA TELEPHONE CO.
 DEPRECIATION STUDY 1-1-92
 APPROVED RESERVE REALLOCATIONS
 (As of 1-1-92)

ACCOUNT	BOOK	TRANSFER	REALLOCATED	
	RESERVE		<- RESERVE ->	
	\$	\$	\$	%
Motor Veh.s				
Lt. Trucks	64,968	9,449	74,417	62.2
Hvy.Trucks	<u>43,987</u>	<u>(9,449)</u>	<u>34,538</u>	71.4
Total	108,955	0	108,955	
Aer Ca., Met.	297,370	(297,370)	0	
Depr. rate	0	197,312	197,312	67.0
Rec.Sched	<u>0</u>	<u>100,058</u>	<u>100,058</u>	101.6
Total	297,370	0	297,370	
Bur.Ca.Non-Fill	757,106	(83,000)	674,106	90.8
Filled	<u>1,780,038</u>	<u>83,000</u>	<u>1,863,038</u>	31.0
Total	2,537,144	0	2,537,144	

NORTHEAST FLORIDA TELEPHONE CO.
 DEPRECIATION STUDY 1-1-92
 (Rates and Components)

ACCOUNT	< - - - APPROVED - - - >				
	WHOLE LIFE	REM. LIFE	NET SALV. %	DEPR RESV. %	RATE %
	yr.s	yr.s	%	%	%
<u>(General Support Assets)</u>					
2112 Motor Vehicles					
Passenger	8.2	3.9	15	51.1	8.7
Lt. Tks.	6.2	2.2	20	62.2*	8.1
Hvy. Tks.	17.0	3.5	10	71.4*	5.3
Tract&Trail.	10.3	6.5	20	31.6	7.4
2116 Other Wk. Eq.	SEVEN YEAR AMORTIZATION				
2121 Buildings					
Cent.Ofc.	40	33	0	23.8	2.3
Plant	36	31	0	10.7	2.9
2122 Furniture	TEN YEAR AMORTIZATION				
2123 Ofc.Support Eq.	SEVEN YEAR AMORTIZATION				
Co. Comm. Eq.	FIVE YEAR AMORTIZATION				
2124 Computer Eq.	FIVE YEAR AMORTIZATION				
<u>(Central Office Assets)</u>					
2212 Dig. Sw.	NA	13.2	0	23.5E	5.8
2232 Cct Eqp.	NA	6.4	3	51.0	7.2
Optic	8.0	-	3	NA	12.1#
<u>(Origination/Termination Assets)</u>					
2351 Public Tel.	9.0	4.5	0	54.4	10.1
2362 Term. Eq.	-	5.0	2	26.0	14.4
<u>(Outside Plant)</u>					
2411 Pole Lines	24	12.4	(80)	68.9	9.0
2421 Aer. Cable					
Metal	Three Year Recovery Schedule				
92-94 rets.	21	9.3	(20)	67.0*	5.7
Remaining	20	-	(5)	NA	5.3#
2422 U.G. Cable					
Metallic	21	12.8	(10)	43.1	5.2
Fiber	20	-	(5)	NA	5.3#
2423 Bur. Cable					
Met.Filled	20	14.0	(7)	31.0*	5.4
" NonFill.	-	3.0	(7)	90.8*	5.4
Fiber	20	-	(5)	NA	5.3#
2441 Conduit	50	42	(5)	18.2	2.1
# Whole Life Rate	* Reallocated reserve				

ATTACHMENT C

NORTHEAST FLORIDA TELEPHONE CO.
 DEPRECIATION STUDY 1-1-92
 (Capital Recovery Schedule)

ACCOUNT	<--- 1-1-92 --->		ESTD.	TO BE	PERIOD	<- - EXPENSE - ->		
	INVEST.	RESERVE	NET SALV.	RECOVERED		1992	93	94
	\$	\$	\$	\$	Yr.s	\$	\$	\$
2421 Aerial Cable (1992-94 retirements)	98,500	100,058#	(19,700)	18,142	3	6,047	6,047	6,048

Reflects Commission-approved reserve reallocation