

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Modified minimum filing requirements of NORTHEAST FLORIDA TELEPHONE COMPANY.)	DOCKET NO. 910731-TL
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In Re: Comprehensive review of the revenue requirements and rate stabilization plan of SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY.)	DOCKET NO. 920260-TL
)	ORDER NO. PSC-94-0008-FOF-TL
)	ISSUED: January 5, 1994
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)	

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION
ORDER REQUIRING REFUND OF EXCESS REVENUES

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.

I. BACKGROUND

Northeast Florida Telephone Company, Inc. (Northeast or the Company) filed its Modified Minimum Filing Requirements (MMFRs) on July 22, 1991. By Order No. PSC-92-0337-AS-TL (the Order), issued May 12, 1992, the Commission approved, with certain modifications, a settlement agreement (the Agreement) submitted by Northeast and the Office of Public Counsel (OPC). The Agreement, as modified, provided the following:

1. Final refund of Northeast's 1990 revenue in excess of its authorized ROE to its customers;

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2. Preliminary refund of Northeast's 1991 revenue in excess of its authorized ROE to its customers;
3. Refund of Northeast's 1992 revenue in excess of 13.8% ROE, one half to its customers and one half to Southern Bell (Bill and Keep Subsidy contributor);
4. Implement \$0.25 local calling plan between Northeast and Jacksonville, Baldwin and Maxville;
5. Subsequent to January 1, 1993, refund earnings in excess of 13.2% ROE to Southern Bell and reduce the subsidy by a like amount.
6. Eliminate Northeast's remaining interLATA subsidy and remove Northeast from the interLATA subsidy pool, effective January 1, 1993. The reduction in subsidy payments by Southern Bell will be added to the set aside amount to be disposed of in Southern Bell's pending rate case, Docket No. 920260-TL.

By Order No. PSC-93-0228-FOF-TL the Commission finalized and disposed of Northeast's 1991 earnings. This Docket has remained open to continue to monitor the results of the 1992 rate reductions and monitor compliance with the provisions of the Agreement which addresses earnings through, at least, 1993.

II. 1992 REVENUES SUBJECT TO DISTRIBUTION

Northeast filed its preliminary 1992 Earnings Surveillance Review (ESR) in March 1993 and the final 1992 ESR in October 1993. The final ESR included an accrual of \$157,000 which the company removed from revenue and added to the amount due to customers to allow for anticipated 1992 excess earnings. Based on our review of the final ESR, Northeast's revenue above the maximum allowed ROE of 13.8% is \$224,351, the \$157,000 accrual and an additional \$67,351. Interest accrued from January 1992 through January 1994 amounts to \$11,631 for a total of \$235,982 available for disposition. The calculation of these amounts is shown on Attachment A to this Order.

III. AMOUNT OF REFUNDS

Pursuant to the agreement the Company's 1992 excess revenues will be split between Northeast's customers and Southern Bell. Accordingly, half of the \$235,982 in intrastate revenue identified

above, settlement agreement. The refund shall be made as a credit to the bills of residential and business customers in the same proportion as the various local exchange rates bear to each other. The customer refund will be made to customers of record during the December, 1993 billing cycle and shall appear on the February 1994 bill. The remaining amount, \$117,991, should be refunded to Southern Bell. Payments to Southern Bell will be added to the set aside amount to be disposed of in Southern Bell's pending rate case, Docket No. 920260-TL.

The Company shall file a final refund report pursuant to Rule 25-4.114(7), Florida Administrative Code.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that pursuant to Order No. PSC-92-0337-AS-TL, Northeast Florida Telephone Company, Inc. shall refund \$235,982 in excess revenues as set forth in the body of this Order. It is further

ORDERED that Northeast shall refund \$117,991, to its business and residential customers as set forth in the body of this Order. It is further

ORDERED that Northeast shall refund \$117,991, to BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company as set forth in the body of this Order. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission, this 5th day of January, 1994.



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 32399-0870, by the close of business on January 26, 1994.

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.

ATTACHMENT A

NORTHEAST FLORIDA TELEPHONE COMPANY
YEAR ENDED DECEMBER 31, 1992
REVENUE SUBJECT TO COMMISSION DISPOSITION

Adjusted Achieved Net Operating Income	\$697,367
Adjusted Rate Base	<u>6,691,801</u>
Return on Adjusted Achieved Rate Base	<u>10.42%</u>
Adjusted Achieved Return on Equity	20.38%
Maximum Return on Equity Allowed By Stipulation	<u>13.80%</u>
Return in Excess of Stipulated ROE Ceiling	<u>6.58%</u>
NOI in Excess of Stipulated ROE Ceiling of 13.80%	\$135,534
Revenue Expansion Factor	<u>1.655314</u>
1992 Revenue in Excess of Stipulated ROE Ceiling	\$224,351
Interest from January 1, 1992 to January 31, 1994	<u>11,631</u>
Total 1992 Revenue to be Refunded per Stipulation	<u>\$235,982</u>
1992 Revenue Refunded to Customers per Stipulation	<u>\$117,991</u>
1992 Revenue Refunded to Southern Bell per Stipulation	<u>\$117,991</u>