

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: 1993 Depreciation Study) DOCKET NO. 930230-TL
of Vista-United) ORDER NO. PSC-94-0157-FOF-TL
Telecommunications) ISSUED: February 9, 1994
_____)

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 PRESCRIBING DEPRECIATION RATES
FOR VISTA-UNITED TELECOMMUNICATIONS

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 a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Case Background

On February 26, 1993, Vista-United Telecommunications (Vista) filed a 1993 depreciation study. After an initial review by the Staff of this Commission was furnished to Vista on April 19, 1993, Vista submitted a response to that review on June 10, 1993. Staff furnished its final report on the depreciation study to Vista on July 26, 1993, and Vista responded to that report on September 9, 1993. The following is a discussion of the major issues and adjustments to Vista's 1993 depreciation study.

Corrective Reserve Measures

In its last depreciation study, Vista was prescribed a two-year recovery schedule for its net investment associated with coinless paystations. That schedule is now complete, and there appears to be a residual reserve surplus in the amount of \$239. Accordingly, we have transferred this surplus to Vista-United's intelligent paystation account.

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01308 FEB-94

FPSC-RECORDS/REPORTING

In light of the possible impact of reserve transfers on cost allocations and jurisdictional separations, Vista should make corresponding entries to the related depreciation expense accounts.

Lives, Net Salvages, Reserves and Depreciation Rates

Our findings as to the appropriate depreciation rate parameters (lives, salvage, and reserve), which are depicted on Attachment A to this Order, are based upon a comprehensive review of Vista's depreciation study. One of the main differences between Vista's rate parameters and those approved herein involves the determination of the remaining lives. To the extent possible, we have calculated an average age based upon survivor information and selected a retirement dispersion in accordance with Vista's plans and expectations for the given plant.

The major changes in expenses are due to current planning projections and activity since the last study. For example, in its last study, Vista projected that the Walt Disney World and automatic call distribution digital PBXs would be retired in 1992. Vista now finds that these PBXs can be upgraded to meet future demands and does not expect to retire them anytime in the near future. We have, therefore, revised the recovery schedules by blending the projections of upgrade retirements from various sources for similar digital equipment.

The DMS-200 switch currently provides 0+ and 0- LEC, 1+ coin, and AT&T operator services. In the event that AT&T does not renew its operator services contract that expires at year-end 1995, the majority of the DMS-200 trunking could be utilized by the DMS-100 switch. Moreover, the DMS-200 switch and associated operator positions could continue to be utilized to provide 0+ and 0- operator services, and to perform operator transfer service. The life and salvage parameters for the remaining central office accounts were derived by updating the currently prescribed parameters to account for activity since our last depreciation review.

Vista's primary use of metallic cables is as distribution plant. Vista carries its locally originating video signals between various locations on the Disney property on fiber cables. Vista's long term goal is to provide fiber connectivity between the central office and the customer for any new projects which develop in its network. Vista is currently provisioning its network with SONET based equipment as it becomes available. The Commission-approved lives are based on phase-out dates that we would generally expect for a company operating in a high-tech area: trunk/interoffice by 2000, feeder by 2009, and distribution by 2013. Based upon the age

of the fiber cables, we believe that a move to remaining life rates is warranted. As for the remaining outside plant accounts, the approved parameters reflect updates for activity since our last depreciation review.

For most of the general support accounts, the approved life and salvage factors reflect updates of the most recently prescribed parameters by activity since the last represcription. The 36-year service life proposed for the World Communications Center and parking lot are in the range of reasonableness and, therefore, acceptable. Considering the ages of the warehouse storage sheds and the fact that Vista has no plans to retire any of these buildings, we believe that longer service lives for this group of assets is in order. The World Communications Center Security System is a PC-based secured entry system installed in the main switching center. Current plans call for its replacement in 1996. The approved remaining life is reflective of this.

The ages of the public telephone booth and coin paystation accounts, 10.4 and 13.2 years respectively, are an area of concern. Considering that the booths are peculiar to the theme requirements of the Walt Disney World complex, we would expect lives ranging between 8 and 10 years. Similarly, paystations do not tend to last 13 years, as indicated. The bulk of the investment in each of these accounts is approximately 13 years old, indicating a general lack of retirement activity. Although the approved lives reflect each account's activity, we remain concerned about this data.

Appropriate Implementation Date

Since Vista's data and related calculations abut January 1, 1993, it has requested, and we hereby approve, that date as the date of implementation of the revised depreciation rates.

It is, therefore,

ORDERED by the Florida Public Service Commission that Vista-United Telecommunications 1993 depreciation study is hereby approved, as set forth and modified herein. It is further

ORDERED that the appropriate date for implementation of the depreciation parameters prescribed herein is January 1, 1993. It is further

ORDERED that, unless a person whose interests are substantially affected by the action proposed herein files a petition in the form and by the date specified in the Notice of

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Further Proceedings or Judicial Review, this Order shall become final and this docket shall be closed on the following date.

By ORDER of the Florida Public Service Commission, this 9th day of February, 1994.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

RJP

by: Kay Flynn
Chief, Bureau of Records

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 March 2, 1994.

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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.

VISTA-UNITED TELECOMMUNICATIONS
 1993 STUDY

ACCOUNT	COMMISSION APPROVED RATES				
	AVERAGE REMAINING LIFE	NET SALVAGE	RESERVE	REMAINING LIFE RATE	
	(YRS.)	(%)	(%)	(%)	
GENERAL SUPPORT ASSETS					
2112	Motor Vehicles				
	004 Work Vehicles, 1987 Forward	3.9	10.0	40.77	12.6
	005, 013 Trailers, 1992 and Prior	15.4	5.0	53.25	2.7
	005 Trailers, 1993 Forward	20.0	5.0	0.00	4.8
	011 Work Vehicles, 1987 Forward	3.8	10.0	39.85	13.3
	014 Passenger Cars, 1990 Forward	3.0	20.0	31.36	16.2
2116	Work Equipment	7 Yr. Amortization			
2121	Buildings				
	001 Butler	16.2	0.0	22.17	4.8
	003 WCC	21.0	(2.0)	32.44	3.3
	005 Storage Sheds	4.0	0.0	59.16	10.2
	006 Parking Lot	34.0	0.0	8.06	2.7
	008 WCC Security System	3.5	2.0	71.82	7.5
	008 Office Trailers	7.8	10.0	19.27	9.1
2122	Furniture	10 Yr. Amortization			
	001 Office Furniture	7 Yr. Amortization			
	002 Whse Furniture/Equip.	7 Yr. Amortization			
2123	Office Equipment	5 Yr. Amortization			
	002 Official Telephones	5 Yr. Amortization			
	006 Official SL-1	5 Yr. Amortization			
	008 Office Equipment	7 Yr. Amortization			
010-068	Official Communication	5 Yr. Amortization			
2124	General Purpose Computers	5 Yr. Amortization			
	001 PC Equipment	5 Yr. Amortization			
	003 IBM Computer	5 Yr. Amortization			
	014 V-UT Lan	5 Yr. Amortization			
CENTRAL OFFICE ASSETS					
2212	Digital Electronic Switching				
	002 Test Equipment	10.9	0.0	27.66	6.6
	005 WDW-XT	4.3	0.0	91.11	2.1
	007 ACD-XT	7.8	0.0	84.76	2.0
	008 DMS 200	8.5	0.0	34.62	7.7
	009 DMS 100	9.5	0.0	15.72	8.9
	010 Power Plant	11.0	0.0	51.29	4.4
	018 Central Ofc. Furniture	10 Yr. Amortization			
2220	Operator Systems				
	002 Toll Operator Positions	9.5	0.0	48.83	5.4
2232	Circuit Equipment				
	001 T Carrier	4.0	3.0	42.28	13.7
	003&009 Optics	5.9	0.0	42.81	9.7
004, 015, 016, 019	Circuit Equip.	5.3	3.0	37.31	11.3
	018 F.O. Monorail Comm.	3.5	5.0	21.28	21.1
INFORMATION ORIGINATION/TERM. ASSETS					
2351	Public Telephone				
	001 Booths	4.7	0.0	88.90	2.4
	002 Paystations-Coin	4.1	0.0	97.50	0.6
	004 Paystations Intell.	3.6	20.0	31.63 @	13.4
2362	Tel. Devices Deaf				
	001 Tel. Devices Deaf	7.1	0.0	14.45	12.0
CABLE AND WIRE ASSETS					
2422	Underground Cable				
	001 Metallic	9.4	(1.0)	32.76	7.3
	002 Fiber	17.6	(3.0)	21.78	4.6
2423	Buried Cable				
	001 Metallic-Filled	10.0	(3.0)	43.05	6.0
	002 Fiber	15.6	(5.0)	36.40	4.4
	003 Metallic-Non-Filled	3.3	(3.0)	90.15	3.9
2424	Submarine Cable				
	001 Metallic	10.5	(3.0)	89.53	1.3
2426	Intrabuilding Cable				
	001 Metallic	3.0	(5.0)	85.70	6.4
	Fiber	20.0	(5.0)	0.00	5.3
2442	Conduit Systems				
	001 Conduit	46.0	(5.0)	7.54	2.1

* Denotes whole life rate.
 @ Denotes restated reserve after corrective transfer.