

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Comprehensive review of) DOCKET NO. 920260-TL
the revenue requirements and) ORDER NO. PSC-94-0421-FOF-TL
rate stabilization plan of) ISSUED: April 11, 1994
SOUTHERN BELL TELEPHONE AND)
TELEGRAPH COMPANY.)
_____)

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 FINALIZING SOUTHERN BELL'S 1992 EARNINGS

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.

I. BACKGROUND

By Order No. 20162, issued October 13, 1988, the Commission requires BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell) to share earnings in the 14%-16% ROE range with a 60/40 split in the ratepayers' favor. The determination of whether any sharing will occur requires a review of the year-end surveillance report. That review has been completed.

II. SHARING

Southern Bell filed a revised Surveillance Report on January 24, 1994 for the twelve month period ending December 31, 1992, which reported a return on equity (ROE) of 12.87%. The revisions to the ROE result from final tax adjustments and out of period adjustments related to 1992. Since 12.87% is below the 14% sharing point, there is no sharing required.

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III. EXOGENOUS FACTORS

By Order No. 20162, the Commission excluded from the sharing process the revenue effects of: all rate changes other than regrouping; changes resulting from significant governmental actions with a minimum impact of \$3,000,000 of revenue requirements; refinancing of higher cost debt instruments and major technological changes. These items excluded from sharing are included in what has come to be known as "the Box".

Under the concept of the Box, any rate increases are netted against rate decreases, significant governmental actions, and debt refinancing. If the result is an overall increase in earnings due to the netting process, the net amount will be refunded to ratepayers or disposed of in some other appropriate fashion. If netting produces a decrease in earnings the company absorbs the loss.

The following table shows the final net impact for 1992.

	(000)
I. Rate Changes - Net	\$9,213
II. Exogenous Changes	
A. Depreciation increase due to USOAR Docket	(18,408)
B. Separations Change	(7,422)
C. Depreciation Represcription	12,633

Net	(13,197)
III. Debt Refinancing	
A. Difference between forecast and actual	519

Total	(\$3,465) =====

Based on Southern Bell's surveillance report for the twelve month period ending December 31, 1992, the overall netting process resulted in a decrease in earnings of \$3,465,000. In accordance with Order 20162, the company absorbs the decrease in earnings.

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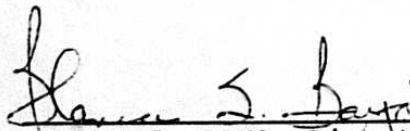
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that no sharing of earnings is required for 1992 as set forth in the body of this Order. It is further

ORDERED that since the net of increases and decreases in 1992 earnings resulting from exogenous factors and debt refinancing is a loss, Southern Bell shall absorb the loss 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 11th day of April, 1994.



BLANCA S. BAYO, 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

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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 May 2, 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.