

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Refund of GULF TELEPHONE)	DOCKET NO. 890478-TL
COMPANY'S 1988 overearnings)	ORDER NO. 22289
)	ISSUED: 12-11-89

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER APPROVING REFUNDS

BY THE COMMISSION:

In Order No. 19169-A, issued May 2, 1988, we accepted a Stipulation submitted by Gulf Telephone Company (Gulf) and the Office of Public Counsel (OPC) in Docket No. 870454-TL that was intended to resolve Gulf's overearnings for 1986, 1987 and 1988. The Stipulation stated that Gulf will refund 1988 earnings in excess of a 14.8% return on equity (ROE) plus interest. By Order No. 21398, issued June 16, 1989, we ordered Gulf to refund \$344,265, composed of \$11,355 as a final "true-up" of its 1987 refund, \$303,562 as a preliminary settlement of 1988 excess earnings and \$29,347 of interest. A final "true-up" has now been calculated based on the final 1988 cost study.

After reviewing the company's final Earnings Surveillance Report (ESR) for 1988 using the final 1988 cost study submitted on September 29, 1989, our Staff has calculated \$90,223 as the final "true-up" for 1988, which includes interest of \$10,553. This amount was derived by applying the final separation factors and adjusting for the 1988 private line revenue "true-up" and a few minor adjustments. Gulf and OPC have agreed to Staff's calculation of the 1988 "true-up" amount as the correct amount to settle 1988 overearnings.

By Order No. 21092, issued April 21, 1989, we accepted the company's commitment to cap its 1989 earnings at a 14.8% ROE. Gulf agreed that, if its 1989 earnings exceed this cap, the Commission shall decide on the disposition of the excess earnings. The preliminary refund amount for 1989 has now been

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determined. Our Staff's forecast of 1989 earnings, using eight months of actual 1989 data, indicates that Gulf's earnings in excess of a 14.8% ROE will be approximately \$215,000. We have compared this forecast with the company's excess earnings reported on its ESR for the 12 months ended August 31, 1989, and found that the amounts were fairly close. We conclude that Staff's forecasted earnings fairly represent the earnings that Gulf should receive for 1989.

The company offers to make a preliminary refund of \$200,000, and we will adopt our Staff's recommendation that Gulf refund this amount as a preliminary refund for 1989. If the final refund amount for 1989 is less than \$15,000 or if the company has over-refunded, the final amount will be considered in determining the level of Gulf's earnings for 1990.

Our Staff anticipates that two major changes will cause Gulf's excess earnings for 1990 to be less than for 1988 or 1989. We have directed that Gulf forego net interLATA subsidy receipts of \$188,000 per year, effective July 1, 1989. Also, by Order No. 21259, issued May 19, 1989, we approved Gulf's change from the Jacksonville LATA to the Tallahassee Market Area. Accordingly, this change plus a reduction that we approved in some of Gulf's toll rates will decrease Gulf's revenues in 1990.

Upon review, we approve a total refund that will include the 1988 final refund of \$90,223 and a 1989 preliminary refund of \$200,000. The total refund should be made as a credit to residential and business customers in the same proportion as the various local exchange rates bear to each other. The refund will be made to the customers of record as of September 30, 1989, on the company's December 1, 1989 billings. Any additional refund over \$15,000 for 1989 will be treated in a subsequent docket. If the final "true-up" for 1989 is greater than \$15,000, a new docket will be opened to determine the final amount and to refund the excess earnings for 1989.

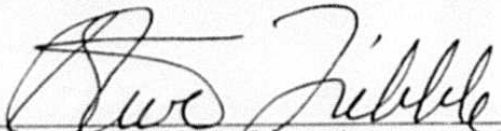
ORDERED by the Florida Public Service Commission that Gulf Telephone Company shall make a final refund of \$90,223, which includes \$10,553 of interest, in settlement of its obligation to return 1988 excess earnings. It is further

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ORDERED that Gulf Telephone Company shall refund \$200,000 as a preliminary return of 1989 excess earnings. It is further

ORDERED that this docket shall be closed administratively by the Staff of the Florida Public Service Commission upon its verification that the refunds ordered to be made in this Order have been completed.

By ORDER of the Florida Public Service Commission, this 11th day of DECEMBER, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

DLC

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.

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Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer 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 after the issuance 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.