

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of local exchange) DOCKET NO. 850310-TL
 company toll bill and keep) ORDER NO. 22418
 _____) ISSUED: 1-16-90

The following Commissioners participate in the disposition of this matter:

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

ORDER REVISING INTRALATA LEC TOLL BILL AND KEEP
SUBSIDY MECHANISM TO REFLECT ACCEPTANCE OF
ST. JOE'S PROPOSAL TO REDUCE ITS SUBSIDY

BY THE COMMISSION:

On January 1, 1988, the intraLATA LEC toll bill and keep subsidy pool was established with all LECs except GTE and Vista-United participating. GTE and Vista-United, which experienced net losses from the implementation of LEC toll bill and keep, elected not to receive subsidies and do not participate in the pool. Pursuant to Order No. 21597, Alltel, Centel, Florida, Gulf, Quincy and United were allowed to withdraw from the intraLATA subsidy pool. Pursuant to Order No. 21955, Indiantown was removed from the intraLATA subsidy pool due to its excess earnings.

St. Joseph Telephone Company (St. Joe) has proposed to reduce its intraLATA subsidy by \$100,000. This action is consistent with action approved by the Commission for Gulf Telephone Company and Indiantown Telephone System, Inc. Gulf's and Indiantown's subsidies were eliminated because the companies were overearning and the overearnings were expected to continue into the foreseeable future. From our investigation into St. Joseph Telephone's Authorized Return on Equity and Earnings in Docket No. 891238-TL, it appeared that St. Joe will have sufficient earnings to absorb this reduction in its subsidy and still earn within its newly authorized range. Consistent with our policy of placing each LEC on a pure bill and keep basis as it becomes practicable, we accepted St. Joe's proposal to reduce its LEC toll subsidy by \$100,000. See Order No. 22284. As a result, it is now necessary to adjust the LEC toll subsidy mechanism to reflect this decision. The revised amounts are set forth in Attachments one and two attached to this Order as Appendix I.

DOCUMENT NUMBER-DATE

00389 JAN 16 1990

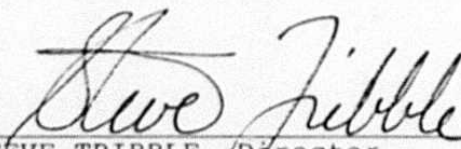
FPSC-RECORDS/REPORTING

ORDER NO. 22418
DOCKET NO. 850310-TL
PAGE 2

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the IntraLATA Lec Toll bill and keep subsidy mechanism is modified to reflect a reduced subsidy amount for St. Joseph Telephone Company's as set forth in the body of this Order.

By ORDER of the Florida Public Service Commission,
this 16th day of JANUARY, 1990.



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.

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

ORDER NO. 22418
DOCKET NO. 850310-TL
PAGE 3

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.

ORDER NO. 22418
 DOCKET NO. 850310-TL
 PAGE 4

APPENDIX I
 INTRALATA TOLL BILL AND KEEP
 CALCULATION OF SUBSIDIES AND SURPLUSES **
 EFFECTIVE JANUARY 1, 1990
 (\$000)

ATTACHMENT 1

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---------------|-----------------------------|----------------------------------|---|--|--|--|---|
| COMPANY | ACCESS LINES 12/31/85 | INTRALATA BILL/KEEP IMPACT | PHASE OUT OF SUB @ \$0.50 /ACCESS LINE/MO | COMPANIES NEEDING SUBSIDY 2 + 3 | SUBSIDY CONTRIB \$0.0201 /ACCESS LINE/MO | COMPANIES NEEDING SUBSIDY 4 + 5 | COMPANIES WITH SURPLUS AFTER CONTRIB 2 + 5 |
| NORTHEAST | 4,461 | (322) | 27 | (295) | (1) | (296) | |
| ST. JOE | 18,255 | (634) | 210 *** | (424) | (4) | (429) | |
| SOUTHERN BELL | 3,549,016 | 10,099 | | | (855) | | 9,244 * |
| SOUTHLAND | 2,545 | (151) | 15 | (136) | (1) | (136) | |
| TOTAL | 3,574,277 | 8,992 | 252 | (855) | (862) | (862) | 9,244 |

* SOUTHERN BELL'S SURPLUS HAS BEEN DISPOSED OF THROUGH PREVIOUS RATE REDUCTIONS.
 ** EXCLUDING: ALLTEL , CENTRAL , FLORALA , GTE , GULF , INDIANTOWN , QUINCY , UNITED , AND VISTA-UNITED.
 *** ST. JOE PHASE-OUT INCLUDES \$100,000 REDUCTION APPROVED IN DOCKET NO. 891238-TL..

ORDER NO. 22418
 DOCKET NO. 850310-TL
 PAGE 5

INTRALATA TOLL BILL AND KEEP
 CALCULATION OF SUBSIDIES AND SURPLUSES **
 EFFECTIVE JANUARY 1, 1991
 (\$000)

ATTACHMENT 2

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---------------|-----------------------------|----------------------------------|---|--|--|--|---|
| COMPANY | ACCESS LINES 12/31/85 | INTRALATA BILL/KEEP IMPACT | PHASE OUT OF SUB @ \$0.75 /ACCESS LINE/MO | COMPANIES NEEDING SUBSIDY 2 + 3 | SUBSIDY CONTRIB \$0.0183 /ACCESS LINE/MO | COMPANIES NEEDING SUBSIDY 4 + 5 | COMPANIES WITH SURPLUS AFTER CONTRIB 2 + 5 |
| NORTHEAST | 4,461 | (322) | 40 | (282) | (1) | (283) | |
| ST. JOE | 18,255 | (634) | 264 *** | (370) | (4) | (374) | |
| SOUTHERN BELL | 3,549,016 | 10,099 | | | (780) | | 9,319 * |
| SOUTHLAND | 2,545 | (151) | 23 | (128) | (1) | (129) | |
| TOTAL | 3,574,277 | 8,992 | 327 | (780) | (785) | (785) | 9,319 |

* SOUTHERN BELL'S SURPLUS HAS BEEN DISPOSED OF THROUGH PREVIOUS RATE REDUCTIONS.

** EXCLUDING: ALLTEL , CENTRAL , FLORALA , GTE , GULF , INDIANTOWN , QUINCY , UNITED , AND VISTA-UNITED.

*** ST. JOE PHASE-OUT INCLUDES \$100,000 REDUCTION APPROVED IN DOCKET NO. 891238-TL.