

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by VISTA-UNITED	)	DOCKET NO. 900162-TL
TELECOMMUNICATIONS for new depreciation	)	ORDER NO. 23922
rates	)	ISSUED: 12-21-90
	)	
	)	

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 FRANK S. MESSERSMITH

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING NEW DEPRECIATION RATES, RECOVERY SCHEDULES  
 AND ADJUSTMENT OF DEPRECIATION RESERVE

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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

INTRODUCTION

Rule 25-4.0175(7) requires telephone companies to periodically file a comprehensive depreciation study at least once every three years. In keeping with the requirements of this rule, Vista-United Telecommunications (Vista-United or the Company) filed a depreciation study (the Study) March 3, 1990. In the years since the last review, there have been substantial changes in technology, indicating a need for prescribing new rates where appropriate. Moreover, rate changes are necessary to reflect the different remaining lives of property whose investment has been stratified into sub-accounts since the last review. The Study represents a comprehensive review of all classes of equipment.

IMPLEMENTATION DATE FOR NEW RATES

Vista-United requested a January 1, 1990 implementation date for its newly-prescribed depreciation rates. All data and

DOCUMENT NUMBER-DATE

11302 DEC 21 1990

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calculations submitted in the Study support this date. We believe this to be an appropriate effective date and will approve the requested implementation date.

#### RESERVE ADJUSTMENTS

In connection with Docket No. 820537 (the Access Charge Docket), the Company was ordered to book Interlata Bill and Keep winnings in the amount of \$36,000 for 1988 and \$24,000 for 1989 to a separately identified subaccount for assignment in the next depreciation study. As adopted herein, these amounts go to the one year capital recovery schedule for the Prototype Optic Circuit equipment; grossed up to Total Company with the 0.65 separations factor, the figures for use in the recovery schedule are \$55,385 and \$36,923, as shown in Attachment 1. This methodology most closely matches the timing of expenses to life. Furthermore, the \$99,859 reserve surplus remaining from the previous study should also be included in the Prototype schedule, thus dispensing with the surplus and its negative annual write-off of \$33,289.

#### DEPRECIATION RATES AND RECOVERY SCHEDULES

Attachment 2 reflects the depreciation rates herein adopted. These rates and schedules result in an estimated increase in annual depreciation expenses of about \$376,000 on a total company basis and are based on investments and reserves as of January 1, 1990.

Attachment 3 reflects the Capital Recovery Schedules providing for recovery of the planned near-term retirements of the electronic digital 827 central office, PABXs, central office computers and prototype optic equipment, as well as the coinless public telephone equipment as shown. We regard these retirements as prudent and so order these recovery schedules. Recognizing that there can be interim activity, changes in projected salvage or in exact retirement date, the expenses of these schedules for each month should be determined by dividing the net projected unrecovered plant for that month by the number of months remaining for recovery. This will assure proper recovery during the period of service to the public.

Because of its unique serving area, this Company is on the cutting edge of new technology. This is reflected, in part, by the recommended capital recovery schedules. For example, the Stromberg-Carlson switch (827 office), severely limited in equal access capability and ability to upgrade, is being retired to be replaced with a remote unit hosting off the main DMS-100 switch. This will permit any upgrades to be made directly to that host

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office, at a resultant savings in cost. The other schedules, for example the retirement of the Prototype Optic equipment, also reflect retirements resulting from the demands of evolving technology.

Major increases in expense resulting from these depreciation rates are in the central office and cable accounts, again the impact of evolving technology. In central office equipment there is relatively less increase as compared to other companies, primarily due to this Company's previous expectations having been comparable with today's.

In the metallic cables, the prime use for this Company is as Distribution plant. The Company is currently carrying on fiber their own locally originating video signals between various locations on the Disney property. One example of the difference in this Company and others is in their Submarine Cable account: it consists of a single metallic cable asset connecting Discovery Island with their network. With the importance of the Discovery Island facility, they expect to replace the existing cooper cable with fiber by 1995 - an earlier date than we might expect for this account from a "typical" company where submarine cables tend more to be generic Feeder facilities, but which is quite logical in this case. Otherwise, the remaining lives of metallic cables are decreasing due to the advent of fiber, as we are seeing elsewhere.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that depreciation reserve accounts of Vista-United Telecommunications, its depreciation rates and components and its amortization schedules are hereby adjusted and represcribed as set forth in the body of this Order and as more particularly identified in the attachments appended to this Order. It is further

ORDERED that this docket shall be closed if no protest is filed in accordance with the requirements set forth below.

By ORDER of the Florida Public Service Commission, this 21st  
day of DECEMBER, 1990.

  
\_\_\_\_\_  
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 14, 1991.

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 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 of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal

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must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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Attachment 1  
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VISTA-UNITED TELECOMMUNICATIONS  
 DEPRECIATION STUDY 1-1-90  
 (Reserve Transfers)

ACCOUNT OR SOURCE	CURRENT \$	TO BE TRANSFERRED \$	RESULTANT RESERVE POSITION \$
2232.011 Prototype Optic Cct. Equip.	770,670	192,167	962,837
Bill & Keep "Winnings"			
1988	55,385*	(55,385)	0
1989	36,923*	(36,923)	0
Existing Reserve Surplus	99,859	(99,859)	0
Total	<u>962,837</u>		<u>962,837</u>

\* Grossed up to Total Company from  
 36,000 in 1988  
 24,000 in 1989

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ACCOUNT	COMMISSION APPROVED			
	REM. LIFE	NET SALV. %	RESV. %	DEPR. RATE %
	yr.s	%	%	%
<u>(General Support Assets)</u>				
2112 Motor Vehicles				
002 Passenger	2.6	20	68.7	4.3
004 Work Veh.	5.6	10	8.3	14.6
005 Trailers (Embed)	15.8	5	90.9	0.3
005 " (New)	20	5	NA	4.8
011 Work (Shared)	6.5	10	4.3	13.1
2116 Work Equip.	5.7	0	62.9	6.5
2121 Buildings				
001 Butler	12.3	0	14.5	6.9
003 WCC	25	(2)	31.9	2.8
005 Storage Sheds	3.9	0	26.6	18.8
008 Security System	2.5	2	7.0	36.4
2122 Furniture				
001 Ofc. Furn.	TEN	YEAR	AMORTIZATION	
002 Whse. Furn/Equip.	SEVEN	YEAR	AMORTIZATION	
2123 Ofc. Equip.				
002 Official Tel.s	FIVE	YEAR	AMORTIZATION	
006 " SL-1	FIVE	YEAR	AMORTIZATION	
008 Ofc. Equip.	SEVEN	YEAR	AMORTIZATION	
010 through 023 Official Comm.	FIVE	YEAR	AMORTIZATION	
2124 G.P. Computers				
001 PC Equip.	FIVE	YEAR	AMORTIZATION	
003 IBM Computer	FIVE	YEAR	AMORTIZATION	
<u>(Central Office Assets)</u>				
2212 Dig. Electronic Sw.				
002 Test Equip.	9.0	0	46.7	5.9
004 827 C.O.	TWO YEAR CAPITAL RECOVERY SCHEDULE			
005, 006, 007 PABXs	TWO YEAR CAPITAL RECOVERY SCHEDULE			
008 DMS 200	11.1	0	38.9	5.5
009 DMS 100	10.1	0	22.9	7.6
010 Power Plant	8.2	0	65.0	4.3
011, 012 C.O. Comput.s	TWO YEAR CAPITAL RECOVERY SCHEDULE			
" " (New)	6.0	0	0	16.7
016 C.O. Furniture	TEN	YEAR	AMORTIZATION	

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DEPRECIATION STUDY 1-1-90

ACCOUNT	COMMISSION APPROVED			
	REM. NET LIFE SALV.	DEPR RESV.	RATE	
	yr.s	%	%	%
<u>(Central Office Assets - cont.)</u>				
2220 Operator Systems	4.3	0	45.0	12.8
2232 Circuit Equip.				
001 T Carrier	5.7	3	50.9	8.1
003 and 009 Optic	10.0	0	NA	10.0
004 Cct. Equip.	6.1	3	11.4	14.0
011 Prototype Optic	ONE YEAR CAPITAL RECOVERY SCHEDULE			
<u>(Info Orig/Term Assets)</u>				
2351 Public Tel.				
001 Booths	4.0	0	81.7	4.6
002 Paysta.-Coin	4.3	0	97.5	0.6
003 " Coinless	TWO YEAR CAPITAL RECOVERY SCHEDULE			
004 " Intell.	4.9	20	5.6	15.2
2362 Tel.Dev.Deaf(Embed)	(FULLY ACCRUED)			0.0
" (New)	8.0	0	-	12.5
<u>(Cable and Wire Assets)</u>				
2422 U.G. Cable				
001 Metallic	11.6	(1)	20.3	7.0
002 Fiber	20	(3)	-	5.2
2423 Bur. Cable				
001 Met.Filled	11.7	(3)	33.3	6.0
002 Fiber	20	(5)	-	5.3
003 Buried NonFill.	5.3	(3)	73.3	5.6
2424 Submarine Ca.				
001 " Met.	4.5	(3)	62.6	9.0
2426 Intrabldg.				
001 " Met.	4.4	(5)	44.5	13.8
New " Fiber	20	(5)	-	5.3
2441 Conduit Systems				
001 "	44	(5)	2.1	2.3



VISTA-UNITED TELECOMMUNICATIONS  
DEPRECIATION STUDY 1-1-90

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ACCOUNT	COMMISSION APPROVED			
	REM. NET LIFE SALV.	RESV.	DEPR RATE	
	yr.s	%	%	%
<u>(General Support Assets)</u>				
2112 Motor Vehicles				
002 Passenger	2.6	20	68.7	4.3
004 Work Veh.	5.6	10	8.3	14.6
005 Trailers (Embed)	15.8	5	90.9	0.3
005 " (New)	20	5	0	4.8
011 Work (Shared)	6.5	10	4.3	13.1
2116 Work Equip.	5.7	0	62.9	6.5
2121 Buildings				
001 Butler	12.3	0	14.5	6.9
003 WCC	25	(2)	31.9	2.8
005 Storage Sheds	3.9	0	26.6	18.8
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2122 Furniture				
001 Ofc. Furn.	TEN	YEAR	AMORTIZATION	
002 Whse. Furn/Equip.	SEVEN	YEAR	AMORTIZATION	
2123 Ofc. Equip.				
002 Official Tel.s	FIVE	YEAR	AMORTIZATION	
006 " SL-1	FIVE	YEAR	AMORTIZATION	
008 Ofc. Equip.	SEVEN	YEAR	AMORTIZATION	
010 through 023 Official Comm.	FIVE	YEAR	AMORTIZATION	
2124 G.P. Computers				
001 PC Equip.	FIVE	YEAR	AMORTIZATION	
003 IBM Computer	FIVE	YEAR	AMORTIZATION	
<u>(Central Office Assets)</u>				
2212 Dig. Electronic Sw.				
002 Test Equip.	9.0	0	46.7	5.9
004 827 C.O.	TWO YEAR CAPITAL RECOVERY SCHEDULE			
005, 006, 007 PABXs	TWO YEAR CAPITAL RECOVERY SCHEDULE			
008 DMS 200	11.1	0	38.9	5.5
009 DMS 100	10.1	0	22.9	7.6
010 Power Plant	8.2	0	65.0	4.3
011, 012 C.O.Comput.s	TWO YEAR CAPITAL RECOVERY SCHEDULE			
" " (New)	6.0	0	0	16.7
016 C.O.Furniture	TEN	YEAR	AMORTIZATION	

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VISTA-UNITED TELECOMMUNICATIONS  
 DEPRECIATION STUDY 1-1-90

ACCOUNT	COMMISSION APPROVED			
	REM. LIFE	NET SALV. %	RESV. %	DEPR RATE %
	yr.s	%	%	%
<u>(Central Office Assets - cont.)</u>				
2220 Operator Systems	4.3	0	45.0	12.8
2232 Circuit Equip.				
001 T Carrier	5.7	3	50.9	8.1
003 and 009 Optic	10.0	0	NA	10.0
004 Cct. Equip.	6.1	3	11.4	14.0
011 Prototype Optic				
	ONE YEAR CAPITAL RECOVERY SCHEDULE			
<u>(Info Orig/Term Assets)</u>				
2351 Public Tel.				
001 Booths	4.0	0	81.7	4.6
002 Paysta.-Coin	4.3	0	97.5	0.6
003 " Coinless				
004 " Intell.	4.9	20	5.6	15.2
	TWO YEAR CAPITAL RECOVERY SCHEDULE			
2362 Tel.Dev.Deaf(Embed)				
" (New)				
	(FULLY ACCRUED)			0.0
	8.0	0	0	12.5
<u>(Cable and Wire Assets)</u>				
2422 U.G. Cable				
001 Metallic	11.6	(1)	20.3	7.0
002 Fiber	20	(3)	-	5.2
2423 Bur. Cable				
001 Met.Filled	11.7	(3)	33.3	6.0
002 Fiber	20	(5)	-	5.3
003 Buried NonFill.	5.3	(3)	73.3	5.6
2424 Submarine Ca.				
001 " Met.	4.5	(3)	62.6	9.0
2426 Intrabldg.				
001 " Met.	4.4	(5)	44.5	13.8
New " Fiber	20	(5)	-	5.3
2441 Conduit Systems				
001 "	44	(5)	2.1	2.3

VISTA-UNITED TELECOMMUNICATIONS  
DEPRECIATION STUDY 1-1-90  
(Capital Recovery Schedules)

ACCOUNT	<--- 1-1-90 --->		ESTD. NET SALV.	TO BE RECOVERED	PERIOD Yr.s	<- EXPENSE ->	
	INVEST.	RESERVE				1990	1991
	\$	\$	\$	\$		\$	\$
<u>(Central Office Assets)</u>							
2212 Dig. Electronic Sw.							
004 827 C.O.	1,090,116	599,785	40,000	450,331	2	225,166	225,165
005, 006, 007 PABXs	1,061,068	825,789	190,992	44,287	2	22,144	22,143
011, 012 C.O.Comput.s	139,988	77,278	2,800	59,910	2	29,955	29,955
2232 Circuit Equip.							
011 Prototype Optic	1,033,902	962,837*	(10,300)	81,365	1	81,365	0
<u>(Info Orig/Term Assets)</u>							
2351 Public Tel.							
003 " Coinless	11,956	11,313	0	643	2	<u>322</u>	<u>321</u>
Total expense:						<u>\$358,952</u>	<u>\$277,584</u>

\* Reflects ordered reserve adjustment (See Attachment 1)