

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate increase ) DOCKET NO. 910980-TL  
by UNITED TELEPHONE COMPANY OF FLORIDA. ) ORDER NO. 25807  
) ISSUED: 02/26/92  
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ORDER ON PREHEARING PROCEDURE

Pursuant to the provisions of Rule 25-22.038, Florida Administrative Code, all parties and Staff are hereby required to file with the Director of Records and Reporting a prehearing statement on or before March 13, 1992. Each prehearing statement shall set forth the following:

- (a) all known witnesses that may be called and the subject matter of their testimony;
- (b) all known exhibits, their contents, and whether they may be identified on a composite basis and witness sponsoring each;
- (c) a statement of basic position in the proceeding;
- (d) a statement of each question of fact the party considers at issue and which of the party's witnesses will address the issue;
- (e) a statement of each question of law the party considers at issue;
- (f) a statement of each policy question the party considers at issue and which of the party's witnesses will address the issue;
- (g) a statement of the party's position on each issue identified pursuant to paragraphs (d), (e) and (f) and the appropriate witness;
- (h) a statement of issues that have been stipulated to by the parties;
- (i) a statement of all pending motions or other matters the party seeks action upon; and
- (j) a statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefore.

The original and fifteen copies of each prehearing statement must be received by the Director of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of March 13, 1992. Failure of a party to timely file a prehearing

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statement shall be a waiver of any issues not raised by other parties or by the Commission Staff. In addition, such failure shall preclude the party from presenting testimony in favor of his or her position on such omitted issues. Copies of prehearing statements shall also be served on all parties. Prehearing statements shall substantially conform to the Florida Rules of Civil Procedure requirements as to form, signatures, and certifications.

Each party is required to prefile all exhibits and all direct testimony it intends to sponsor in written form. Prefiled testimony shall be typed on standard 8 1/2 x 11 inch transcript quality paper, double spaced, with 25 numbered lines, in question and answer format, with a sufficient left margin to allow for binding. An original and fifteen copies of each witness' prefiled testimony and each exhibit must be received by the Director of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the due date. Failure of a party to timely prefile exhibits and testimony from any witness in accordance with the foregoing requirements may bar admission of such exhibits and testimony. Copies of all prefiled testimony shall also be served by the sponsoring party on all other parties.

A final prehearing conference will be held on April 6, 1992, in Tallahassee. The conditions of Rule 25-22.038(5)(b), Florida Administrative Code, will be met in this case and the following shall apply:

Any party who fails to attend the final prehearing conference, unless excused by the prehearing officer, will have waived all issues and positions raised in his or her prehearing statement.

Any issue not raised by a party prior to the issuance of the prehearing order shall be waived by that party, except for good cause shown. A party seeking to raise a new issue after the issuance of the prehearing order shall demonstrate that: he or she was unable to identify the issue because of the complexity of the matter; discovery or other prehearing procedures were not adequate to fully develop the issues; due diligence was exercised to obtain facts touching on the issue; information obtained subsequent to the issuance of the prehearing order was not previously available to enable the party to identify the issue; and introduction of the issue could not be to the prejudice or surprise of any party. Specific

reference shall be made to the information received, and how it enabled the party to identify the issue.

Unless a matter is not at issue for that party, each party shall diligently endeavor in good faith to take a position on each issue prior to issuance of the prehearing order. When a party is unable to take a position on an issue, he or she shall bring that fact to the attention of the prehearing officer. If the prehearing officer finds that the party has acted diligently and in good faith to take a position, and further finds that the party's failure to take a position will not prejudice other parties or confuse the proceeding, the party may maintain "no position at this time" prior to hearing and thereafter identify his or her position in a post-hearing statement of issues. In the absence of such a finding by the prehearing officer, the party shall have waived the entire issue. When an issue and position have been properly identified, any party may adopt that issue and position in his or her post-hearing statement.

To facilitate the management of documents in this docket, parties and Commission Staff shall submit an exhibit list with their respective prehearing statements. Exhibits will be numbered at the hearing. Each exhibit submitted shall have the following in the upper right-hand corner (for identification prior to the hearing): the docket number, the witness's name, the word "Exhibit" followed by a blank line for the Exhibit Number, the title of the exhibit, and a prehearing identification number consisting of the initials of the witness and a number.

An example of the typical exhibit identification format is as follows:

Docket No. 910980-TL  
J. Doe Exhibit No. \_\_\_\_\_  
Cost Studies for Minutes Of Use by Time of Day  
(JXD-1)

The following dates have been established to govern the key activities of this proceeding in order to maintain an orderly procedure.

1. March 4, 1992 -- Second Issue ID
2. March 11, 1992 -- Service Hearing, Ft. Myers
3. March 13, 1992 -- Intervenors Testimony
4. March 13, 1992 -- Prehearing Statements
5. March 16, 1992 -- Service Hearing, Altamonte Springs
6. March 19, 1992 -- Staff Testimony
7. March 20, 1992 -- Informal Prehearing Conference
8. March 25, 1992 -- Rebuttal Testimony
9. April 6, 1992 -- Prehearing Conference
10. April 15-17, 20, 22, 1992 -- Hearing to be held

The hearing in this docket is presently set for April 15-17, 20, and 22, 1992. Unless authorized by the Prehearing Officer for good cause shown, all discovery shall be completed by April 6, 1992. In addition, to facilitate their identification, all interrogatories, requests for admissions, and requests for production of documents shall be numbered consecutively. Each set of discovery requests shall be numbered sequentially from any previous set(s). Unless authorized by the Prehearing Officer, the following shall apply: interrogatories, including all subparts, shall be limited to 300, and requests for production of documents, including all subparts, shall be limited to 175.

Parties are directed to file copies of all prehearing statements, post-hearing statements of positions on issues or briefs, and proposed findings of fact and conclusions of law on diskette in word processing format. Specific details regarding the appropriate word processing software shall be obtained from the Director of the Division of Records and Reporting. Exceptions to this requirement may be granted by this Prehearing Officer for good cause shown.

Attached to this order as Appendix "A" is a tentative list of the issues which will be addressed in this proceeding. Prefiled testimony and prehearing statements shall be addressed to the issues set forth in Appendix "A" and those additional issues evolved at the March 4, 1992, Issue ID meeting.

Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 364.183(2), Florida Statutes.

In the event it becomes necessary to handle confidential information during the hearing, the following procedures will be observed:

- 1) It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.
- 2) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 364.183, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 3) Failure of any party to comply with 2) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 4) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to

examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

- 5) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 6) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Commission Clerk's confidential files.

By ORDER of Susan F. Clark, Commissioner and Prehearing Officer, this 26th day of FEBRUARY, 1992.

  
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Susan F. Clark, Commissioner  
and Prehearing Officer

( S E A L )  
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APPENDIX "A"

Quality of Service

Issue 1: Is the quality of service adequate?

Rate Base

Issue 2: Is the test year ended June 30, 1993 an appropriate test year?

Issue 3: Are UTF's forecasts of access lines, toll messages, and minutes-of-use reasonable?

Issue 4: What is the appropriate amount of plant in service for the test year?

Issue 5: What is the appropriate amount of depreciation reserve for the test year?

a: What adjustment should be made to the depreciation reserve to reflect new depreciation rates and recovery schedules as approved in Docket No. 910725-TL?

Issue 6: What is the appropriate amount of construction work in progress for the test year?

Issue 7: What is the appropriate amount of property held for future use for the test year?

Issue 8: What is the appropriate amount of working capital allowance for the test year?

Issue 9: What is the appropriate amount of rate base for the test year?

Cost of Capital

Issue 10: What is the appropriate cost of common equity for the test year?

Issue 11: Is UTF's proposed test year equity ratio prudent and reasonable?

Issue 12: What is the appropriate cost of short term debt for the test year?

- Issue 13: What is the appropriate amount of deferred income taxes to be included in the capital structure for the test year after reconciliation?
- Issue 14: What is the appropriate amount of Investment Tax Credits and its associated cost to be included in the capital structure for the test year after reconciliation?
- Issue 15: How should UTLD and other non-regulated investments be removed from the capital structure in rate base and capital structure reconciliation?
- Issue 16: What is the weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year?

Net Operating Income

- Issue 17: Are any of the company's forecasted billing units inappropriate?
- Issue 18: What is the appropriate amount of operating revenue for the test year?
- a: Are all of the revenues from significant tariff revisions or planned tariff filings appropriately reflected in the test year?
- Issue 19: What is the appropriate amount of O&M expense for the test year?
- a: What is the appropriate adjustment to show the effect of other postretirement benefits?
- b: Did the Company appropriately expense the switching software?
- c: Is the amount of GS&L included in the company's request appropriate for rate making purposes?
- d: Is the amount of lobbying and other political expenses included in the company's request appropriate for rate making purposes?
- e: What is the appropriate amount and amortization period for the rate case expense?



Issue 20: What is the appropriate amount of depreciation expense for the test year?

- a: What are the appropriate depreciation rates and recovery schedules to be used in this proceeding?
- b: What adjustment should be made to depreciation expense to reflect the new depreciation rates and recovery schedules as approved in Docket No. 910725?

Issue 21: What is the appropriate amount of taxes other than income for the test year?

Issue 22: What is the appropriate amount of income tax expense for the test year?

- a: What is the appropriate amount of the parent debt adjustment?

Issue 23: What is the appropriate achieved test year net operating income?

#### Revenue Requirement

Issue 24: Should UTF be required to file, within 30 days after the date of the final order in this docket, a description of all entries or adjustments to its future annual reports, rate of return reports, published financial statements and books and records which will be required as a result of the Commission's findings in this rate case?

Issue 25: What is the appropriate amount of the revenue increase/decrease for the test year?

#### Access/Toll/Interconnection

Issue 26: UTFL has proposed a reduction in switched access service rates however, the company has proposed no rate changes for message toll service. UTFL has proposed the following switched access rate changes:

- a) To reduce BHMOC rates from \$3.95 to \$1.98.
- b) To reduce MABC BHMOC rates from \$3.95 to \$1.98.

c) To change time of day discount amounts which will increase originating access revenues by \$2.846 million.

d) To reduce cellular mobile interconnection rates as a result of the proposed reduction of BHMOC charges.

Should UTFL's proposed changes be approved? Should there be any other changes in switched access, toll or cellular mobile interconnection services?

#### EAS

Issue 27: UTFL proposed to increase Optional Extended Local Calling (OELC) plans by the same percentage amount as that proposed for local residential rates. Also, the following are additional extended area service (EAS) concerns:

a) Should the Clermont to Orlando EAS additive be reduced or removed?

b) Should existing Toll-Pac plans be converted to the \$.25 plan?

c) Should EAS to Bonita Springs be implemented in the context of this rate case? If so, at what rate?

d) Are there any routes in UTFL's territory that are currently facing EAS pressures and should the Commission take any action at this time to address these pressures?

e) What changes, if any, should be made regarding EAS in the UTFL territory?

#### Custom Calling Features/Signal Ring/Express Touch

Issue 28: Should the Company's proposal to change rates for Custom Calling Features as outlined in the table below be approved?

	RESIDENCE		BUSINESS	
	PRESENT	PROPOSED	PRESENT	PROPOSED
First Feature Access	\$1.40	\$0.00	\$1.65	\$0.00
Call Forwarding	\$1.65	\$2.50	\$2.75	\$4.50
Call Forward Don't answer	\$1.65	\$1.00	\$2.75	\$1.00
Call Forward - Busy	\$1.65	\$1.00	\$2.75	\$1.00
3-Way Calling	\$1.65	\$2.00	\$2.75	\$3.00
Call Waiting	\$1.65	\$3.50	\$2.75	\$4.00
Cancel Call Waiting	\$0.75	\$1.00	\$1.25	\$1.25
Speed Calling	\$1.65	\$2.00	\$2.75	\$3.00
Call Forward Remote Activation	\$1.75	\$1.75	\$2.35	\$2.50
Personal Alert Line	\$1.65	\$1.65	\$2.75	\$2.75
SignalRing 1	\$2.10	\$3.00	\$3.40	\$6.00
SignalRing 2	\$4.05	\$5.00	\$6.65	\$8.00

a) UTFL has proposed to eliminate rates for secondary service order charges for subscribers adding Custom Calling Features, SignalRing and ExpressTouch. Should this be approved?

**Residential/Business/PBX/ABC**

Issue 29: UTFL has proposed the following changes for local residential exchange and local business exchange rates:

- a) Increase basic local exchange access line revenues (R-1 and B-1) by \$59.7 million or 37% increase over current revenues.
- b) Continue the restructure of Direct-Inward-Dial (DID) service.

- c) Changes in Advanced Business Connection (ABC) service rates.
- d) Implement a Subscriber Line Charge (SLC) credit for ABC service.

What changes, if any, should be made to local residential exchange, local business exchange, PBX, and ABC service rates?

Catch All

Issue 30: The following services have not been addressed in other issues and no changes have been proposed:

Tariffed Items (Listed by tariff section)

- A2, General Regulations.
- A4, Service Charges (other than secondary service connection charge).
- A5, Charges Applicable Under Special Conditions.
- A6, Directory Listings.
- A7, Coin Telephone Service.
- A8, Telephone Answering Service.
- A9, Foreign Exchange Service.
- A13, Miscellaneous Service Arrangements (other than Custom Calling, SignalRing, and ExpressTouch).
- A14, Auxiliary Equipment.
- A15, Connection with Certain Facilities and/or Equipment of Others.
- A19, Wide Area Telecommunications Service.
- A20, Private Line Service and Channels.
- A24, Emergency Reporting Services.
- A29, Data Transport Service.
- A108-A124, Obsolete Tariff Offerings.
- E2, General Regulations.
- E7, Special Access Services.
- E8, Billing and Collection Services.
- E16, Access Service for Local Exchange Companies' completion of IntraLATA-Intercompany Long Distance MTS and WATS calls (other than the MABC BHMOC flow through).

Non-Tariffed Items

- Directory Advertising.
- Rent Revenues (Pole attachments, IXC floor space, etc.).

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- Miscellaneous Other Operating Revenues (UTLD royalty, COBRA, etc.).
- Non-Access Revenues (IXC contracts for Operator Services).
- E-911 Contracts and Private Line Settlements with Southern Bell, GTEFL, and Vista-United.
- InterLATA Private Line Terminal Equipment.
- Intrastate InterLATA FG A EAS Contract.
- MessageLine.

Is this appropriate?

Tariff Effective Date/Customer Notification

Issue 31: What should be the effective date of any rate changes?

- a) When should customers be notified of any rate changes?
- b) What should be contained in the bill stuffer to UTFL customers announcing any rate changes?