

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for rate)
increase by Central Telephone)
Company of Florida.)

DOCKET NO. 920310-TL
ORDER NO. PSC-93-0005-AS-TL
ISSUED: 01/04/93

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
J. TERRY DEASON
LUIS J. LAUREDO

ORDER APPROVING SETTLEMENT AND
IMPLEMENTING REVISED RATES

BY THE COMMISSION:

I. BACKGROUND

This docket was opened on April 3, 1992, pursuant to a request by Central Telephone Company of Florida (Centel or the Company). On April 18, 1992, the Office of Public Counsel (OPC) intervened on behalf of the Citizens of the State of Florida. On June 24, 1992, Centel filed its Minimum Filing Requirements and requested a permanent rate increase of \$17,960,465 and an interim increase of \$9,083,334.

On September 11, 1992, by Order No. PSC-92-0980-FOF-TL, we approved an interim rate increase of \$4,591,194, effective September 1, 1992. After the interim rate increase, the Company's monthly residential (R1) and business (B1) rates for rate group 6 were increased to \$10.23 and \$23.02, respectively. The Company's rates for other rate groups and exchange services were increased based on the relationship between those rate groups and exchange services and rate group 6.

On September 24, 1992, OPC filed its Second Motion to Dismiss. On December 3, 1992, OPC filed its Motion to Delay the Rate Case Hearing Pending a Final Ruling on the Motion to Dismiss and a Motion to Join Sprint as a Party and Delay the Rate Case Hearing. These motions were predicated on the proposed merger between Centel Corporation and Sprint Corporation.

The final hearing in this docket began on December 7, 1992. During the hearing, the parties began discussing the possibility of reaching agreement on certain issues. Based on these discussions, the parties reached a stipulated settlement which is discussed and approved below. A copy of the stipulated settlement agreement is attached to this Order as Appendix A.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

II. MOTION TO DISMISS

OPC's Second Motion to Dismiss is denied as is OPC's Motion to Delay the Rate Case Hearing Pending Final Ruling on Motion to Dismiss, and OPC's Motion to Join Sprint Corporation as a Party and Delay the Rate Case Hearing. OPC's motion to dismiss essentially argues that the merger so alters the financial structure of the Company as to prevent an accurate decision in this case. The motions to delay are premise on a supposed need for more time, necessitated by the closing events of the merger process.

OPC's Motions' go to the issue of whether or not the test year cost and revenues are representative of the period in which the rates will go into effect. The specific point of each motion being the anticipated effect of the merger on test year costs and the sufficiency of available information to evaluate that effect.

We have heard testimony on one side of this issue and certainly, the points raised by OPC's witness DeWard are thought provoking, but are not sufficient basis to grant a Motion to Dismiss. Such remedies are extraordinary and should be granted only where the basis is clear.

Essentially we have heard only one side of a factual issue, that being OPC's. Unless we are allowed to hear the Company's direct case, the Motion to Dismiss must be denied as premature. Having determined this, OPC's motion to delay the rate case proceeding is moot.

OPC's motion to join Sprint and delay the rate case hearing is not timely filed. OPC has demonstrated its knowledge that the merger was progressing throughout this proceeding and yet never raised the issue of the need to join Sprint Corporation. To allow OPC to delay this proceeding at this late date in order to pursue this issue is neither practicable nor appropriate.

III. STIPULATED SETTLEMENT

Pursuant to the stipulated settlement the parties agreed to the following terms. Effective for services rendered after December 31, 1992, the Company shall reduce its R1 and B1 rates for rate group 6 from \$10.23 and \$23.02, respectively, to \$9.65 and \$21.75, respectively. The R1 and B1 rates and rates for the Company's other rate groups and exchange services shall be reduced consistent with the existing relationship between those rate groups and exchange services and rate group 6. The Company shall file for administrative approval revised tariffs reflecting these permanent

rate changes within five days of approval of this Stipulation. Such rates shall remain in effect until changed by Order.

For the period from January 1, 1993 to December 31, 1993, and again for the period January 1, 1994 to June 30, 1994, the Company shall refund earnings in excess of an annual earned return on equity of 12.0%. For purposes of computing the Company's earnings under this paragraph, and for surveillance reporting purposes, the Company shall compute its earnings in accordance with the requirements of Order No. 24178, issued February 28, 1991, in Docket No. 891246-TL. For purposes of this Stipulation, this monitoring period and any refund obligations thereunder shall terminate on June 30, 1994, or the effective date of an Order establishing new customer rates for the Company or any successor company, whichever is earlier. Any dispute over the amount of any refund computed pursuant to this Order shall be subject to our jurisdiction.

Except as discussed above, the Company's return on equity for all regulatory purposes shall be 12.5%, plus or minus 100 basis points. In the event we do not issue an order changing the Company's allowed rate of return effective June 30, 1994, this 12.5% return on equity, plus or minus 100 basis points, shall be used for all purposes, beginning July 1, 1994, and thereafter until further order.

The Company shall continue to charge and collect interim rates approved by Order No. PSC-92-0980-FOF-TL through December 31, 1992. The amount of the interim rate increase charged and collected by the Company for services during the period from September 1, 1992, through December 31, 1992, shall be retained by the Company and shall not be subject to refund.

Approval of the stipulated settlement eliminates the need to resolve any issues raised in this docket, except those expressly agreed to in this Stipulation. By agreeing to the terms and conditions enumerated herein, the parties have not acknowledged or conceded the propriety of any issue that has been or may be raised unless such acknowledgment or concession is explicitly enumerated in the agreement and in this Order. The Stipulation reached in this docket is based on the unique factual circumstances of this case and shall have no precedential value in proceedings involving other utilities before this agency. The agreement is contingent upon approval of the merger of Centel Corporation and Sprint Corporation. Central Telephone Company of Florida has since acknowledged, by letter, that the merger has been approved.

The Company has requested approval of the custom calling feature rates included in the Company's revised tariff sheets, dated June 24, 1992, (Sections 13.10, 13.18 and 13.19) to become effective January 1, 1993; and has further requested Commission approval of the installation charges, service ordering charges, line connection charges, and premises visit charges (Section 4.2.1, 4.2.2, 4.2.3, 4.2.4 and 19.4), included in the Company's revised tariff sheets, dated June 24, 1992, also to become effective January 1, 1993.

We find the stipulated settlement together with the revised tariffs to be both appropriate and in the public interest.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Office of Public Counsel's Second Motion to Dismiss, Motion to Delay Rate Case Hearing Pending Final Ruling on Motion to Dismiss and Motion to Join Sprint Corporation as a Party and to Delay Rate Case Hearing are hereby denied. It is further

ORDERED that the stipulated agreement between the parties described in the body of this Order is hereby approved. It is further

ORDERED that the terms of the stipulated agreement shall become effective immediately. It is further

ORDERED that the increased earnings resulting from the interim rate increase shall be retained by Central Telephone Company of Florida. It is further

ORDERED that Central Telephone Company of Florida shall reduce its current rates as described in the body of this Order effective January 1, 1993. It is further

ORDERED that Central Telephone Company of Florida shall implement its pending tariffs as described in the body of this Order. It is further

ORDERED that as no further action remains in this matter, this docket shall be closed.

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By ORDER of the Florida Public Service Commission this 4th day
of January, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
920310.ORD

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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application For a Rate) Docket No. 920310-TL
Increase by Central Telephone) Filed: December 9, 1992
Company of Florida)

STIPULATION

The Citizens of the State of Florida, represented by the Office of Public Counsel ("OPC"), and Central Telephone Company of Florida ("Central Telephone-Florida" or the "Company"), collectively the "parties," submit this Stipulation as settlement of the above-styled docket, and say:

I. Background

On June 24, 1992, Central Telephone-Florida filed a petition for rate increase seeking a permanent rate increase of \$17,960,465, and an interim rate increase of \$9,083,334. On September 11, 1992, by Order No. PSC-92-0980-FOF-TL, the FPSC approved an interim rate increase of \$4,591,194, effective September 1, 1992. After this interim rate increase, the Company's monthly residential ("R1") and business ("B1") rates for rate group 6 were increased to \$10.23 and \$23.02, respectively. The Company's rates for other rate groups and exchange services were increased based on the relationship between those rate groups and exchange services and rate group 6.

The final hearing in this docket commenced on December 7, 1992. During the course of the hearing, the parties met to discuss the possibility of reaching agreement on certain issues. Based on these discussions, the parties mutually agree as follows:

1. Entire Agreement. This Stipulation represents the entire agreement between the parties.

2. Rate Reduction. Effective for services rendered after December 31, 1992, the Company shall reduce its R1 and B1 rates for rate group 6 from \$10.23 and \$23.02, respectively, to \$9.65 and \$21.75, respectively. The R1 and B1 rates and rates for the Company's other rate groups and exchange services shall be reduced consistent with the existing relationship between those rate groups and exchange services and rate group 6. The Company shall file for administrative approval revised tariffs reflecting these permanent rate changes within five days of approval of this Stipulation. Such rates shall remain in effect until changed by order of the Florida Public Service Commission ("the Commission").

3. Potential Refunds. For the period from January 1, 1993 to December 31, 1993, and again for the period January 1, 1994 to June 30, 1994, the Company shall refund earnings in excess of an annual earned return on equity of 12.0%. For purposes of computing the Company's earnings under this paragraph, and for surveillance reporting purposes, the Company shall compute its earnings in accordance with the requirements of Order No. 24178, issued February 28, 1991, in Docket No. 891246-TL. For purposes of this Stipulation, this monitoring period and any refund obligations thereunder shall terminate on June 30, 1994, or the effective date of a Commission order establishing new customer rates for the Company or any successor company, whichever is earlier. Any dispute over the amount of any refund computed under this paragraph

shall be resolved by the Commission.

4. Return on Equity. Except as discussed in paragraph 3, herein, the Company's return on equity for all regulatory purposes shall be 12.5%, plus or minus 100 basis points. In the event the Commission does not issue an order changing the Company's allowed rate of return effective before June 30, 1994, this 12.5% return on equity, plus or minus 100 basis points, shall be used for all purposes, beginning July 1, 1994, and thereafter until further order of the Commission.

5. Other Tariffed Items. The Company may request Commission approval of the custom calling feature rates included in the Company's revised tariff sheets, dated June 24, 1992, (Sections 13.10, 13.18 and 13.19) to become effective January 1, 1993; and may further request Commission approval of the installation charges, service ordering charges, line connection charges, and premises visit charges (Sections 4.2.1, 4.2.2, 4.2.3, 4.2.4 and 19.4), included in the Company's revised tariff sheets, dated June 24, 1992, also to become effective January 1, 1993.

6. Disposition of Interim Rates. The Company shall continue to charge and collect interim rates approved by the Commission by Order No. PSC-92-0980-FOF-TL through December 31, 1992. The amount of the interim rate increase charged and collected by the Company for services during the period from September 1, 1992, through December 31, 1992, shall be retained by the Company and shall not be refunded by order of the Commission.

7. Merger. This agreement is contingent on the approval of the currently pending merger of Centel Corporation and Sprint Corporation by the Centel Corporation shareowners. In the event the above-referenced merger is not approved, the parties agree that the Commission should consider the record in this case and set permanent rates. In this event, the parties reserve the right to file post-hearing statements, briefs and findings of fact to assist the Commission in its determination of such rates by January 11, 1993.

8. Effect of Approval of Stipulation. The Commission's approval of this Stipulation eliminates the need for the Commission to resolve any issues raised in this docket, except those expressly agreed to in this Stipulation. By agreeing to the terms and conditions enumerated herein, the parties are not acknowledging or conceding the propriety of any issue that has been or may be raised unless such acknowledgment or concession is explicitly enumerated herein.

9. Other Matters.

a. The Stipulation reached in this docket is based on the unique factual circumstances of this case and shall have no precedential value in proceedings involving other utilities before this Commission. The parties reserve the right to assert different positions on the matters contained in this Stipulation if this Stipulation is not accepted by the Commission.

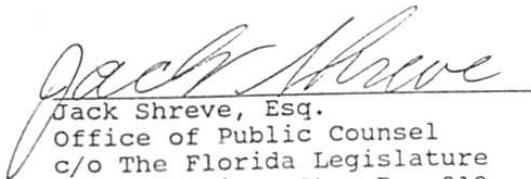
b. The parties hereto shall support the acceptance of this Stipulation by the Commission.

c. Neither of the Parties hereto shall appeal the order which approves this Stipulation.

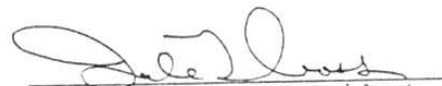
d. The parties urge that the Commission take final agency action approving this Stipulation at the earliest possible time.

e. This Stipulation shall be effective upon Commission approval. In the event the Commission rejects or modifies this Stipulation, in whole or in part, the parties agree that this Stipulation is void unless otherwise ratified by the parties, and that each party may pursue its interests as those interests exist, and that no party will be bound to or will make reference to this Stipulation before this Commission or any court. If this Stipulation is disapproved by the Commission, the parties shall have the right to submit briefs, post-hearing statements and proposed findings of fact by January 11, 1993.

DATED this 9th day of December, 1992.



Jack Shreve, Esq.
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St., Rm. 812
Tallahassee, FL 32399-1400



Dale L. Cross, President
Central Telephone Company
of Florida
1313 Blairstone Road
Tallahassee, FL 32301