

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Comprehensive review of revenue requirements and rate stabilization plan of SOUTHERN BELL. ) DOCKET NO. 920260-TL  
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In Re: Investigation into the integrity of SOUTHERN BELL'S repair service activities and reports. ) DOCKET NO. 910163-TL  
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In Re: Investigation into SOUTHERN BELL'S compliance with Rule 25-4.110(2), F.A.C., Rebates. ) DOCKET NO. 910727-TL  
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In Re: Show cause proceeding against SOUTHERN BELL for misbilling customers. ) DOCKET NO. 900960-TL  
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In Re: Request by Broward Board of County Commissioners for extended area service between Ft. Lauderdale, Hollywood, North Dade and Miami. ) DOCKET NO. 911034-TL  
) ORDER NO. PSC-93-1559-FOF-TL  
) ISSUED: 10/25/93  
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The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
SUSAN F. CLARK  
JULIA L. JOHNSON  
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION  
ORDER COMPLETING REVIEW OF 1991 EARNINGS

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.

By Order No. 20162, issued October 13, 1988, in Docket No. 880069-TL, this Commission ruled on BellSouth Telecommunications,

DOCUMENT NUMBER-DATE

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FFSC RECORDS/REPORTING

Inc. d/b/a Southern Bell Telephone and Telegraph Company's (Southern Bell's or the Company's) petitions for rate stabilization and other relief. As a result of implementing a rate stabilization plan (the Plan), the Commission expanded the Company's authorized range of return on equity (ROE) to a minimum of 11.5% and a maximum of 16%. The Commission also set rates for the Company targeted at a 13.2% ROE. Within this expanded range, the Commission implemented an earnings sharing plan. Any earnings in excess of 14% are to be shared, with 60% being returned to Southern Bell's ratepayers and the other 40% retained by the Company. All earnings in excess of 16% after sharing are to be returned to the ratepayers. In addition, the Commission excluded from the sharing process the revenue effects of: all rate changes other than regroupings; changes resulting from significant governmental actions with a minimum impact of \$3,000,000 on revenue requirements; refinancing of higher cost debt instruments; and major technological changes. These items excluded from sharing are included in what has come to be known as "the Box."

Order No. 20162 required a review of the Company's year-end surveillance report to determine if any earnings are required to be shared. That review has now been completed for 1991. Southern Bell filed a Surveillance Report on March 16, 1992, for the twelve month period ending December 31, 1991, which reported an ROE of 12.9%. Based on Southern Bell's final surveillance report for the twelve months ending December 31, 1991, revised December, 1992, the Company earned an ROE of 13.17%. The revisions to the ROE result from final tax adjustments and out-of-period adjustments related to 1991. Accordingly, since 13.17% is below the 14% sharing point, we propose finding that no sharing is required for 1991.

In addition, we propose finding that no further disposition of 1991 earnings is required. Under the concept of "the Box," any rate increases are netted against rate decreases, significant governmental actions, and debt refinancings. If the result is an overall increase in earnings due to the netting process, the net amount will be refunded to ratepayers or disposed of in some other appropriate fashion. If netting produces a decrease in earnings, the Company is required to absorb the loss. Based on Southern Bell's surveillance report for the twelve month period ending December 31, 1991, the overall netting process resulted in a decrease in earnings of \$10,742,000. Pursuant to Order No. 20162, the Company shall be required to absorb this decrease in earnings.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that no sharing of earnings for 1991 shall be required for BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company. It is further

ORDERED that no further disposition of 1991 earnings shall be required for BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company. It is further

ORDERED that the findings set forth herein shall become final following expiration of the protest period specified below, if no proper protest to our proposed action is filed in accordance with the requirements set forth below. It is further

ORDERED that these dockets shall remain open.

By ORDER of the Florida Public Service Commission, this 25th day of October, 1993.

  
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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.

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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 November 15, 1993.

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