



Florida Cable Television Assoc., Inc.

STEVEN E. WILKERSON
President

FLORIDA CABLE TELEVISION ASSOCIATION, INC.

P.O. BOX 10383, TALLAHASSEE, FLORIDA 32302, 904/681-1990

ORIGINAL
FILE COPY

December 6, 1993

VIA HAND DELIVERY

Mr. Steven C. Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 E. Gaines Street
Tallahassee, FL 32399-0850

RE: DOCKET NO. 920260-TL

Dear Mr. Tribble:

Enclosed for filing in the above-referenced docket are an original and fifteen (15) copies of the Florida Cable Television Association, Inc.'s (FCTA) Prehearing Statement.

Also enclosed is a copy of the Prehearing Statement on 5-1/4" high density diskette generated on a DOS computer in WordPerfect 5.1 format.

ACK _____ Please acknowledge receipt and filing of the above by date stamping the duplicate copy of this letter and returning the same to me.

AFA 3

APP _____ Thank you for your assistance in processing this filing.

CAF _____ Yours very truly,

CMU _____

CTR _____
EAG _____ *Laura L. Wilson*

LEG 1 _____ Laura L. Wilson

LIN 6 _____ Regulatory Counsel

OPC _____ Enclosures

RCH _____

SEC 1 cc: All Parties of Record
Mr. Steven E. Wilkerson

WAS _____ Mr. Robert J. Brillante

JTH _____

RECEIVED & FILED

M. Smiley
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

12962 DEC-6 83

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL
FILE COPY

In Re: Comprehensive review of)
revenue requirements and rate)
stabilization plan of Southern)
Bell.)
_____)

Docket No. 920260-TL

In Re: Investigation into the)
integrity of Southern Bell's)
repair service activities and)
reports.)
_____)

Docket No. 910173-TL

In Re: Investigation into)
Southern Bell's compliance)
with Rule 25-4.110(2), F.A.C.,)
Rebates.)
_____)

Docket No. 910727-TL

In Re: Show cause proceeding)
against Southern Bell for)
misbilling customers.)
_____)

Docket No. 900960-TL

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

Filed: December 6, 1993

FLORIDA CABLE TELEVISION ASSOCIATION, INC.'S
PREHEARING STATEMENT

The Florida Cable Television Association, Inc. ("FCTA"), pursuant to Florida Public Service Commission ("Commission") Order No. PSC-93-1567-PCO-TL and Florida Administrative Code Rule 25-22.038(3), respectfully submits the following Prehearing Statement in the above-captioned docket.

A. WITNESSES

The FCTA intends to call Mr. Mark A. Cicchetti to present testimony in this proceeding.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Mr. Cicchetti will address Issues 9, 10, 25a, 25b, and 26.

B. EXHIBITS

Mr. Cicchetti, on behalf of the FCTA, will sponsor Composite Exhibit MAC-1 consisting of Schedules 1 through 14.

C. BASIC POSITION

The FCTA's primary focus in this proceeding is upon issues relating to incentive regulation, equity ratio and cost of capital. With respect to incentive regulation, the current plan is inadequate. The plan should have resulted in lower costs and more improved services consistent with the goals enumerated in Order No. 20162. Such goals have not been achieved. Therefore, Southern Bell's incentive regulation plan should either be suspended or should be modified.

With respect to the appropriate allowed return, the Commission should lower the authorized return on equity consistent with lowered capital costs. The appropriate cost of common equity capital for Southern Bell is within the range of 9.55% to 10.20%. The midpoint of this range, 9.90%, should be allowed for ratemaking purposes.

D. ISSUES AND POSITIONS

The FCTA takes the following positions on issues identified for disposition in this proceeding.

Issues 1 through 8

Responses: No position at this time.

Issue 9: What is the appropriate cost of common equity for Southern Bell?

Response: The appropriate cost of common equity for Southern Bell is within the range of 9.55% to 10.20%. The midpoint of this range, 9.90%, should be allowed for ratemaking purposes.

Issue 10: Is Southern Bell's proposed test year equity ratio prudent and reasonable? If not, how should this be treated?

Response: No. Southern Bell's equity ratio should be set at 58.00% of investor capital.

Issues 11 through 24d:

Responses: No position at this time.

Issue 25a: What criteria should the Commission use to evaluate Southern Bell's performance under the current form of regulation?

Response: The Company's performance should provide identifiable benefits to ratepayers not otherwise available under traditional rate of return regulation.

Issue 25b: Has the current incentive regulation plan under which Southern Bell has been operating achieved the goals as set forth in Order No. 20162? What are the positive and negative results?

Response: No. The current plan has not met the goals of Order No. 20162 to achieve lower costs and more improved services than would have occurred under traditional rate of return regulation. The plan is detrimental to ratepayers and competitors primarily because it is tied to revenue production rather than efficiency gains. Negative results flowing from the current plan include excessive compensation, sales scams, "gold-plating" rather than economizing, and the creation of a source of funding to subsidize competitive sources that would not be available to the company in an effectively competitive market.

Issue 26: Should the Commission continue the current form of regulation of SBT? If not,

what is the appropriate form of regulation for SBT?

Response: No. For a firm facing effective competition to earn economic profits, it must be more efficient and more innovative relative to its competitors. Therefore, the current incentive plan should be modified to directly tie to actions taken by the company to increase production efficiency.

Issues 27 through 39a.

Responses: No position at this time.

E. STIPULATIONS

The FCTA is not aware of any stipulations between the parties to this proceeding.

F. PENDING MOTIONS

The FCTA does not presently have any pending motions in this proceeding.

G. OTHER REQUIREMENTS

The FCTA is unaware of any requirements of the procedural order with which the FCTA cannot comply.

Respectfully submitted this 6th day of December, 1993.

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310 N. Monroe Street
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(904) 681-1990

By: Laura L. Wilson
Laura L. Wilson
Regulatory Counsel

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement has been served by Hand Delivery (*) and/or U. S. Mail on this 6th day of December, 1993 to the following parties of record:

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