

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of) DOCKET NO. 960794-TL
remaining life rates by Quincy) ORDER NO. PSC-97-0118-FOF-TL
Telephone Company.) ISSUED: January 31, 1997
_____)

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
SUSAN F. CLARK
J. TERRY DEASON
JOE GARCIA
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING REMAINING LIFE RATES

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

BACKGROUND

On July 1, 1996, the Commission established ranges of basic factors for lives and salvage values to be used in developing depreciation rates for companies subject to Rule 25-4.0175, Florida Administrative Code. (See Docket No. 960715-TL). The ranges are presumptively valid and the burden of proof is placed on any party protesting a Commission approved life or salvage value. If a company's current or proposed service life or salvage value for any given account is not within the established ranges, the company must file additional information.

Rule 25-4.0175, Florida Administrative Code, allows telephone companies to change their depreciation rates once a year. The rule also provides ranges of life and salvage factors for telephone plant accounts. Since the ranges are presumptively valid, and movement within them requires no justification. Justification is required, however, to move in or out of an established range.

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FPSC-RECORDS/REPORTING

On July 1, 1996, the Company filed a request to change its remaining life rates. This request was subsequently revised on August 6, 1996. The company requested an implementation date of July 1, 1996. The last comprehensive depreciation study for Quincy Telephone Company (Quincy) was submitted June 6, 1994, and its current depreciation rates and amortization schedules were approved effective January 1, 1994.

Rule 25-4.0175, Florida Administrative Code, states that a utility requesting an implementation date at the beginning of its fiscal year must submit its request prior to the mid-point of that fiscal year. Quincy's fiscal year is the calendar year and its proposed life and salvage parameters are based on a July 1, 1996 date; thus its proposed implementation date of July 1, 1996, is in accordance with Rule 25-4.0175, Florida Administrative Code.

Our review of Quincy's plans and activities indicate that there is a need to revise its current rates. Quincy's current life and salvage factors are within the Commission's established ranges. Since the Company proposed a change in curve shape for the Aerial Cable-Metallic (Account No. 2421.1) and the Buried Cable-Metallic (Account No. 2423.2) accounts, however, it must provide justification for doing so, as required by our rules.

Quincy's justification for its proposed change in curve shapes is the substantial amount of retirements expected in these accounts, and the forecasted phase-out of the embedded investment in aerial cable and buried cable by about 2016 and 2017. As a result, Quincy has proposed to change its curve shape (expected mortality dispersion) for the aerial cable account from an R1 to an S1.5, and to change its curve shape for the buried cable account from an S0 to an S1.5. We find that these proposals are reasonable and in line with current industry projections.

In January, 1994, Quincy's analog subscriber circuit account had an unrecovered net investment of \$19,451.00. The account was placed on a 2 year recovery schedule by Order No. PSC-95-0400-FOF-TL, issued March 23, 1995, in Docket No. 940607-TL. Quincy did not place the account on the recovery schedule as prescribed by the Order. If it had, the account would have been fully recovered by the proposed implementation date of July 1, 1996. We find that the company should adjust its books to reflect the full recovery of the analog subscriber account by July 1, 1996.

Quincy proposed a transfer of its negative investment and reserve balances of \$708.00 and \$919.00 from its Aerial Wire account to its Cable investment and reserve accounts. This proposal is in line with transfers made from the Aerial Wire

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accounts in conjunction with the 1994 depreciation study. We approve the transfer.

Based on the foregoing, it is

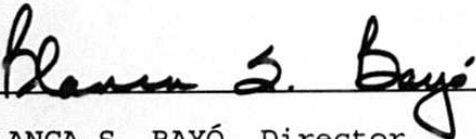
ORDERED by the Florida Public Service Commission that Quincy Telephone Company's request for a revision of its remaining life rates is approved as described in the body of this order, effective July 1, 1996. It is further

ORDERED by the Florida Public Service Commission that the provisions of this order are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director of Division of Records and Reporting at his office at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the date set forth in the Notice of Further Proceedings below. It is further

ORDERED by the Florida Public Service Commission that unless a person whose substantial interests are affected by the action proposed herein files a petition in the form and by the date specified in the Notice of Further Proceedings or Judicial Review, this Order shall become final and effective.

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission, this 31st day of January, 1997.



BLANCA S. BAYÓ, 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 120.569(1), 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on February 21, 1997.

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 substantially 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.