



JACK SHREVE
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February 19, 1997

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. **960794-TL**

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket are the original and 15 copies of Citizens' Petition for Section 120.57(1) Hearing and Protest of Proposed Agency Action.

Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to our office.

Sincerely,

Charles J. Beck
Deputy Public Counsel

- ACK _____
- AFA 1
- APP _____
- CAF _____
- CMU _____
- CTR _____ **CJB:bsr**
- DAB _____
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Enclosures

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Approval of)
Remaining Life Rate by Quincy)
Telephone Company.)
_____)

Docket No. 960794-TL
Filed: February 19, 1997

**PETITION FOR SECTION 120.57(1) HEARING AND
PROTEST OF PROPOSED AGENCY ACTION**

The Citizens of Florida ("Citizens"), by and through Jack Shreve, Public Counsel, file this protest of proposed agency action and petition for a hearing pursuant to section 120.57(1), Florida Statutes (1995).

1. Section 350.0611, Florida Statutes (1995), authorizes the Public Counsel to appear, in the name of the state or its Citizens, in any proceeding or action before the commission and to urge therein any position which he deems to be in the public interest.

2. Order No. PSC-97-0118-FOF-TL issued January 31, 1997 (received by the Citizens on February 4, 1997), as amended by amendatory order PSC-97-0118A-FOF-TL issued February 13, 1997, adversely affects the substantial interests of the Citizens by increasing the depreciation expense of Quincy Telephone Company. If allowed to stand, this decision by the Commission can be used by Quincy Telephone Company as a basis to request an increase in the rates paid by customers.

3. The Commission's order allows Quincy Telephone Company to change the curve shape for its Aerial Cable-Metallic Account (Account No. 2421) and the Buried Cable-Metallic Account (Account No. 2423.2). In particular, the order accepts the company's forecasted phase-out of its embedded investment in aerial cable and buried cable by about the years 2016 or 2017. The Commission found that these proposals were reasonable and in line with industry projections.

4. The projections by the local exchange companies in Florida of phasing out embedded investment in aerial cable and buried cable by about 2016 or 2017 are proving to be extremely inaccurate. For example, in Southern Bell's last depreciation case (docket No. 920385-TL), Southern Bell projected that it would retire \$91.9 million of aerial cable-metallic during the years 1992 through 1995. In fact, Southern Bell only retired \$61.3 million of aerial cable-metallic, including extraordinary retirements associated with Hurricane Andrew. Excluding those extraordinary retirements, Southern Bell would have retired only \$44 million of the projected \$91.9 million of aerial cable-metallic.

5. Similarly, Southern Bell projected that it would retire \$234.9 million of underground cable-metallic during the years 1992 through 1995. The actual booked retirements during these years, however, amounted to less than \$57 million. In the buried cable-metallic accounts, Southern Bell forecasted that it would retire \$351 million of cable during the years 1992 through 1995. In contrast, Southern Bell actually retired only \$88.8 million, including over \$5 million extraordinary retirements associated with Hurricane

Andrew. The forecasted retirements have therefore not been borne out by actual experience and cannot properly be used to project the demise of copper cable even in the more urban areas served by Southern Bell.

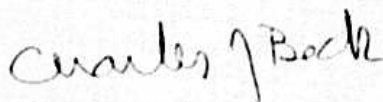
6. These same unfounded forecasts of the early technological obsolescence of copper cable have been used by the other local exchange companies in Florida and their use is reflected in their depreciation rates for metallic cable, circuit equipment and digital switching equipment of these companies. A longer life for metallic cable leads to a longer life for circuit and switching equipment.

7. The Citizens dispute the average remaining life rate, the depreciation expense, and the curve shape for each of the accounts for cable and wire facilities, digital switching equipment, and circuit equipment included in Quincy Telephone Company's depreciation filing. The Citizens allege that there should be a longer average remaining life, a lower depreciation rate, and a different curve shape for Quincy's investment in these accounts.

WHEREFORE, the Citizens file this protest of the proposed agency action contained in Commission order no. PSC-97-0118-FOF-TL, as amended by amendatory order PSC-97-0118A-FOF-TL issued February 13, 1997, and request a hearing to be held pursuant to section 120.57(1), Florida Statutes (1995)

Respectfully submitted,

JACK SHREVE
Public Counsel



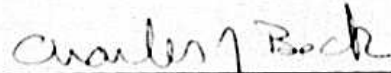
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Attorneys for the Citizens
of the State of Florida

**CERTIFICATE OF SERVICE
DOCKET NO. 960794-TL**

I HEREBY CERTIFY that a copy of the foregoing has been furnished by U.S. Mail or hand-delivery to the following parties on this 19th day of February, 1997.



Charles J. Beck

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