

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate increase)	DOCKET NO. 910980-TL
by UNITED TELEPHONE COMPANY OF FLORIDA.)	ORDER NO. 25484
_____)	ISSUED: 12/17/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 SUSAN F. CLARK
 J. TERRY DEASON
 BETTY EASLEY
 MICHAEL McK. WILSON

ORDER INITIALLY APPROVING TEST YEAR REQUEST
AND ENCOURAGING FILING OF ADDITIONAL MFR
SCHEDULES FOR 1993 AND 1994

BY THE COMMISSION:

By letter dated September 19, 1991, United Telephone Company of Florida (United) requested this Commission's approval of its proposed test year beginning July 1, 1992, and ending June 30, 1993, for this rate proceeding for which it intends to file Minimum Filing Requirements (MFRs) on November 15, 1991. Upon review, the Chairman sent United a letter approving its test year request on September 25, 1991. Simultaneously, on September 25, 1991, the Office of Public Counsel (Public Counsel) filed a Motion to Review Test Year Request by the Full Commission and to Conduct a Hearing Under Section 120.57(1), Florida Statutes (Motion to Review). United subsequently filed on October 4, 1991, a Motion to Dismiss and Answer of United Telephone Company of Florida (Motion to Dismiss).

In its Motion to Review, Public Counsel states that the Commission's decision to approve United's test year is a decision affecting the substantial interests of the people of this state and that it is, therefore, entitled to a Section 120.57(1) hearing. In its Motion to Dismiss, United moves this Commission to dismiss Public Counsel's motion, which it states is properly considered a petition. In addition, the Company's filing contains its answer in the event we deny its Motion to Dismiss. The sum and substance of United's Motion to Dismiss is that Public Counsel is not entitled to a Section 120.57(1) hearing on United's test year request.

We do not find that Public Counsel is legally entitled to a 120.57(1) hearing on United's test year request, nor is it necessary or legally appropriate to hold an evidentiary hearing on the initial approval of United's proposed test year. The final

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FPSC-RECORDS/REPORTING

ORDER NO. 25484
DOCKET NO. 910980-TL
PAGE 2

decision which ultimately determines the adequacy of a chosen test year will not be made until the conclusion of the rate case. Although Public Counsel and others certainly have a substantial interest in the ultimate outcome of a rate proceeding, that interest does not entitle them to a separate hearing on every interim or procedural decision the Commission makes along the way. See Citizens of the State of Florida v. Michael McK. Wilson, 568 So.2d 904, 908 (Fla. 1990); Citizens of the State of Florida v. Michael McK. Wilson, 567 So.2d 889, 892 (Fla. 1990). Parties whose substantial interests may be affected by the selection of a particular test year will have ample opportunity to challenge the appropriateness of the test year at the rate case hearing before that final decision is made.

The Commission's initial approval of a test year is an interim decision only, subject to the Commission's final decision approving or disapproving the use of a particular test year in the ratemaking proceeding. Accordingly, we find it appropriate to deny Public Counsel's request for a hearing on this matter and, therefore, grant United's Motion to Dismiss.

Public Counsel's Motion to Review also requests that the full Commission review the request filed by United for a test year starting July 1, 1992, and ending June 30, 1993. Because the initial selection of a particular test year may have an impact on the course of a rate case proceeding, we found it appropriate in this instance to allow the parties to present their arguments regarding the Chairman's approval of United's test year request.

Public Counsel presented argument at our Agenda Conference that the test year proposed by the Company is inappropriate because it does not reflect a calendar year, as well as the fact that the Company's budget indicates that its earnings will improve in 1993 and 1994. Accordingly, Public Counsel argued that the Company ought to be required to file for two calendar test years--1993 and 1994--to most accurately reflect the Company's prospective revenue requirements. The Company responded that Public Counsel did not provide any basis to justify the Commission requiring it to file MFRs for the years 1993 and 1994 instead of for the test year for which it filed. United asserts that its proposed test year is appropriate because it reflects the inception of significant events that have instigated its filing of this rate case. These events include the implementation of new depreciation rates and the Statement of Financial Accounting Standards (SFAS) 106 dealing with recognition of post-retirement benefits. We find United's proposed

ORDER NO. 25484
 DOCKET NO. 910980-TL
 PAGE 3

test year appropriate. The choice of test year here is a suitable starting point in the case for the purpose of filing MFRs and beginning the ratemaking process.

The test year mechanism is simply a Commission tool or technique to make rate setting reflective of known future conditions. See Gulf Power Co. v. Bevis, 289 So.2d 401, 404 (Fla. 1974). The Commission's acceptance of United's proposed test year is interim in nature. It is subject to this Commission's review and modification in the rate case proper. It in no way precludes this Commission from requiring the utility to submit other data from other years, if the data is needed to set fair, just and reasonable rates. Because we find Public Counsel's argument that the Company's budget indicates higher earnings for 1993 and 1994 to be persuasive, we hereby require that United file the following additional MFR schedules for the calendar years 1993 and 1994:

1. A-2d Commission and Company Adjusted Rate Base
2. A-2e Rate of Return Earned
3. A-3 Revenue Deficiency/Excess Calculations

4. B-1a Rate Base - per books
5. B-1b Rate Base - as adjusted
6. B-2b Rate Base Adjustments - Intrastate
7. B-5b Official Forecast
8. B-6c 12-month Average of All Current Assets and Current Liabilities, Noncurrent Assets and Other Liability Deferred Credits

9. B-13 Monthly Plant and Reserve Balances

10. C-1a Per Books Operating Income
11. C-1b Adjusted Operating Income
12. C-2b Adjustments to Intrastate Operating Income
13. C-13 Calculation of Revenue Expansion Multiplier
14. C-15 Gains and Losses from Sales of All Telephone Property
15. C-22b Amortization/Recovery Schedules
16. C-23a Reconciliation of Total Income Tax Provision
17. C-23c Interest Used to Calculate Jurisdictional and Net Operating Income

18. C-24 ESR
19. C-26 Analysis Showing Payments for GS&L Contract Work
20. C-27 Revenue, Expense, Tax and Investment Levels for the Directory Advertising Operations

ORDER NO. 25484
 DOCKET NO. 910980-TL
 PAGE 4

21. D-1 Average Capital Structure and Cost Rates
22. D-3 Analysis of Each Issue of Short Term Debt
23. D-5 Customer Deposits
24. D-6 Analysis of Each Issue of Long Term Debt Outstanding
25. D-9 Reconciliation of Jurisdictional Rate Base and Capital Structure

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the test year proposed by United Telephone Company of Florida for this rate proceeding is hereby initially approved, subject, of course, to further review during this proceeding. It is further

ORDERED that Public Counsel's request for a Section 120.57, Florida Statutes, hearing is hereby denied and, by implication, United's Motion to Dismiss and Answer of United Telephone Company of Florida is granted. It is further

ORDERED that United Telephone Company of Florida shall file the additional MFR schedules identified herein for the calendar years 1993 and 1994.

By ORDER of the Florida Public Service Commission, this 17th day of DECEMBER, 1991.


 STEVE TRIBBLE, Director
 Division of Records and Reporting

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ORDER NO. 25484
DOCKET NO. 910980-TL
PAGE 5

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 this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) 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 wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.