

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed Rules 25-) DOCKET NO. 941138-PU
4.1353, 25-6.1353, and 25-) ORDER NO. PSC-94-1369-NOR-PU
7.1353, F.A.C., Relating to) ISSUED: November 10, 1994
Forecasted Earnings Surveillance)
Reports)
_____)

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF RULEMAKING

NOTICE is hereby given that the Florida Public Commission, pursuant to Section 120.54, Florida Statutes, has initiated rulemaking to adopt Rule No. 25-4.1353, Florida Administrative Code, relating to Forecasted Earnings Surveillance Report.

The attached Notice of Rulemaking will appear in the November 18, 1994 edition of the Florida Administrative Code Weekly.

If timely requested, a hearing will be held at the following time and place:

Florida Public Service Commission
9:30 a.m., January 19, 1995
Room 122, Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

Written requests for hearing and written comments or suggestions on the rules must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, FL 32399-0870, no later than December 9, 1994.

DOCUMENT NUMBER-DATE

11402 NOV 10 1994

FPSC-RECORDS/REPORTING

ORDER NO. PSC-94-1369-NOR-PU
DOCKET NO. 941138-PU
PAGE 2

By Order of the Florida Public Service Commission, this 10th
day of November, 1994.

BLANCA S. BAYÓ, Director
Division of Records & Reporting

by: Kay Selig
Chief, Bureau of Records

(S E A L)

THE PERSON TO BE CONTACTED REGARDING THIS RULE AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399.

THE FULL TEXT OF THE RULE IS:

25-4.1353 Forecasted Earnings Surveillance Report.

(1) Each local exchange company with more than 50,000 access lines and not under an incentive regulation plan or not subject to an earnings cap shall file with the Commission its forecasted financial information on Commission Form PSC/AFA 21 (/) which is incorporated into this rule by reference. Form PSC/AFA 21, entitled "Telephone Forecasted Earnings Surveillance Report", may be obtained from the Commission's Division of Auditing and Financial Analysis. The report shall be verified by the responsible officer of the company making the report. The report shall be due on or before March 1 of each year, and shall contain the forecasted financial information for that calendar year.

(2) A company may file a written request for an extension of time with the Division of Auditing and Financial Analysis no later than March 1. One extension of 15 days will be granted upon request. A request for a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report will be filed.

(3) If during the course of the forecast year the company should revise its forecasted financial information as a result of

a change in a forecast assumption such that its forecasted annual return on equity changes by more than 25 basis points, whether as a result of a single or several events or assumptions, the company shall provide the Commission with the following information within 30 days of the revised forecast:

(a) A description of the revised forecast assumptions or other events that caused the forecasted return on equity to be revised.

(b) An estimate of the revised annual return on equity.

Specific Authority: 350.127(2), F.S.

Law Implemented: 350.117(1), 364.03(1), F.S.

History: New _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Paul Stallcup, Division of Auditing and Financial Analysis.

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: November 8, 1994

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

ORDER NO. PSC-94-1369-NOR-PU
DOCKET NO. 941138-PU
PAGE 6

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (904) 488-8371 at least five calendar days prior to the hearing. If you are hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

FLORIDA PUBLIC SERVICE COMMISSION

TELEPHONE
FORECASTED EARNINGS SURVEILLANCE REPORT

PSC/AFA 21 (/)

TELEPHONE
FORECASTED EARNINGS SURVEILLANCE REPORT
SUMMARY

The forecasted earnings surveillance report (FESR) consists of the following:

- PAGE 1 - Forecasted Average Rate Base
- PAGE 1A - Forecasted Adjustments to Rate Base
- PAGE 2 - Forecasted Net Operating Income
- PAGE 2A - Forecasted Adjustments to Net Operating Income
- PAGE 3 - Forecasted Average Capital Structure
- PAGE 3A - Forecasted Adjustments to Capital Structure
- PAGE 4 - Forecast Assumptions

The above schedules represent the data that is to be filed by each telephone company for the forecasted twelve month period beginning January 1. A telephone company may, at its own option, include any additional schedules that it deems appropriate or necessary for further explanation or clarification of the data reported.

Requests for extension of time in which to file must be submitted in writing prior to the due date for the data to the following:

Florida Public Service Commission
Division of Auditing and Financial Analysis
Bureau of Revenue Requirements

It is necessary to define a few of the terms utilized in the forecasted earnings surveillance report. These are as follows:

(1) Forecasted Per Books - This term means that the amounts reported represent the forecasted amounts that are expected to be recorded in the accounting records of the company. Forecasted per books rate base includes telephone plant under construction (TPUC) on which allowance for funds used during construction (AFUDC) is not charged. The forecasted working capital allowance should be adjusted to exclude those amounts that are included in the capital structure and non-regulated amounts. Forecasted per books net operating income (NOI) would be

computed consistent with the forecasted per books rate base determination.

(2) Forecasted FPSC Adjustments - The adjustments reflected on this line should represent all of the adjustments required to adjust the forecasted per books amounts in accordance with Commission policies, practices, and adjustments made in the company's most recent rate proceeding. This includes the adjustments made by the company that were not in dispute, but were accepted by the Commission without direct reference in the order. However, those adjustments that can be considered to be annualizing or pro forma should not be included.

PAGES 1 AND 1A

FORECASTED AVERAGE RATE BASE & ADJUSTMENTS TO RATE BASE

PAGE 1, Forecasted Average Rate Base, reports the company's forecasted per book rate base amounts on a twelve month average basis. It also reports the forecasted overall rate of return for the company for the reporting period on an Average Per Book and FPSC Adjusted basis.

The terms "Per Books" and "FPSC Adjusted" have been defined in the Summary page. In recognition of the fact that there may be numerous adjustments to the forecasted per book amount of rate base, only the total amount of the adjustments to rate base can be shown on PAGE 1. PAGE 1A shows the detailed adjustments to each of the rate base components on an intrastate FPSC Adjusted basis.

PAGES 2 AND 2A

FORECASTED NET OPERATING INCOME & ADJUSTMENTS TO NET OPERATING INCOME

PAGE 2, Forecasted Net Operating Income, reports the company's forecasted per book operating revenues and expenses, including income taxes. It also reports the Forecasted NOI for company for the reporting period on a FPSC Adjusted basis.

The terms "Per Books" and "FPSC Adjusted" have been defined in the Summary page. In recognition of the fact that there may be numerous adjustments to the per books amount of operating revenues and expenses, only the total amount of the adjustments to NOI can be shown on PAGE 2. PAGE 2A, which consists of three pages, shows the detailed adjustments to each of the revenue, expense, and tax components on an intrastate FPSC Adjusted basis.

PAGES 3 AND 3A

FORECASTED CAPITAL STRUCTURE & ADJUSTMENTS TO CAPITAL STRUCTURE

PAGE 3 shows the computation of the forecasted average required rates of return (low, midpoint, high) on a FPSC Adjusted basis. It also shows the company's forecasted intrastate achieved return on equity on a FPSC Adjusted basis for the reporting period.

The term "FPSC Adjusted" has been defined in the Summary page. In recognition of the fact that there may be numerous adjustments to the per book amount of capital components, only the total amount of the specific and pro rata adjustments to capital components can be shown on PAGE 3. PAGE 3A shows the detailed adjustments to each of the capital components separately showing the specific and pro rata adjustments. Inherent in PAGE 3A is the reconciliation of the amount of capital with the rate base using the same procedures employed by the Commission in the company's most recent individual rate proceeding.

PAGE 4

FORECAST ASSUMPTIONS

The Forecast Assumptions for Residential and Business Access Lines are to be supplied for the forecast year. Residential and business access lines are to be calculated on an annual average basis.

The Other Forecast Assumptions include any assumptions that are expected to materially impact the Company's operations. Examples include major plant additions, work force reductions, and major accounting changes. Attach additional sheets if more space is needed.

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE FORECASTED EARNINGS SURVEILLANCE REPORT

Company : _____
 Year 19__

RATE BASE	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate Columns (4 + 7)
AVERAGE RATE BASE			
1. General Support	\$ _____	\$ _____	\$0
2. Central Office	_____	_____	0
3. Information Orig./Term.	_____	_____	0
4. Cable and Wire Facilities	_____	_____	0
5. Amortizable Assets	_____	_____	0
6. Plant In Service	\$0	\$0	\$0
7. Accumulated Depreciation and Amortization	_____	_____	0
8. Net Plant In Service	\$0	\$0	\$0
9. Property Held for Future Use	_____	_____	0
10. TPUC	_____	_____	0
11. Acquisition Adjustments	_____	_____	0
12. Working Capital Allowance	_____	_____	0
13. Per Book Average Rate Base	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
14. % Distribution	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
ADJUSTMENTS TO AVERAGE RATE BASE			
15. Adjustments for Achieved Rate Base	_____	_____	0
16. Adjusted Achieved Rate Base	_____	_____	<u>\$0</u>
RATES OF RETURN			
17. Average Per Book	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
18. Average Adjusted Achieved	_____	_____	<u>0.00%</u>

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE FORECASTED EARNINGS SURVEILLANCE REPORT

Company : _____
 Year 19__

NET OPERATING INCOME	(1) Total Company Columns (2 + 3)	(2) Interstate Toll	(3) Total Intrastate Columns (4 + 7)
BOOKED REVENUE			
1. Basic Local Service Revenue	\$ _____	\$ _____	\$0
2. Network Access Revenue	_____	_____	0
3. Long Distance Revenue	_____	_____	0
4. Miscellaneous Revenue	_____	_____	0
5. Uncollectible Revenues	_____	_____	0
6. Net Booked Revenue	\$0	\$0	\$0
OPERATING EXPENSE:			
7. Plant Specific Operations Expense	\$ _____	\$ _____	\$0
8. Plant Non-Specific Operations Exp	_____	_____	0
9. Depreciation and Amortization	_____	_____	0
10. Customer Operations Expense	_____	_____	0
11. Corporate Operations Expense	_____	_____	0
12. Other Income and Expenses	_____	_____	0
13. Total Operating Expense	\$0	\$0	\$0
14. % Distribution	0.00%	0.00%	0.00%
OPERATING TAXES:			
15. Federal Income Tax	\$ _____	\$ _____	\$0
16. State Income Tax	_____	_____	0
17. Other Taxes	_____	_____	0
18. Total Operating Taxes	\$0	\$0	\$0
NET OPERATING INCOME:			
19. Per Book NOI	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
20. NOI Effect of Adjustments (Achieved)			<u>\$0</u>
21. Adjusted Achieved NOI			<u>\$0</u>

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE FORECASTED EARNINGS SURVEILLANCE REPORT

Company _____
 Year 19__

	(1)	(2)	(3)	(4)	(5)
ADJUSTMENTS TO NET OPERATING INCOME INTRASTATE OPERATING TAXES / NET OPERATING INCOME	Federal Income Tax	State Income Tax	Other Taxes	Total Operating Taxes	Net Operating Income
1. Total Intrastate Taxes / NOI per Books	\$0	\$0	\$0	\$0	\$0
INTRASTATE ACHIEVED ADJUSTMENTS					
2. Out of period adjustments	\$ _____	\$ _____	\$ _____	\$0	\$0
3. _____	_____	_____	_____	0	0
4. _____	_____	_____	_____	0	0
5. _____	_____	_____	_____	0	0
6. _____	_____	_____	_____	0	0
7. _____	_____	_____	_____	0	0
8. _____	_____	_____	_____	0	0
9. _____	_____	_____	_____	0	0
10. _____	_____	_____	_____	0	0
11. _____	_____	_____	_____	0	0
12. _____	_____	_____	_____	0	0
13. _____	_____	_____	_____	0	0
14. _____	_____	_____	_____	0	0
15. _____	_____	_____	_____	0	0
16. Total Accounting Adjustments, Intrastate Achieved	\$0	\$0	\$0	\$0	\$0
17. Total Achieved Intrastate Taxes / NOI	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FLORIDA PUBLIC SERVICE COMMISSION
 TELEPHONE FORECASTED EARNINGS SURVEILLANCE REPORT

Company : _____
 Year 19__

AVERAGE CAPITAL	(1)	(2)	(3)	(4)	(5)	(7) COST RATE			(10) WEIGHTED COST RATE		
	Average Per Books	Specific Adjustments	Pro Rata Adjustments	Adjusted Amount	% of Total	Floor	Midpoint	Ceiling	Floor	Midpoint	Ceiling
1. Long Term Debt	\$ _____	\$0	\$0	\$0	0.00%		_____%				0.00%
2. Short Term Debt	_____	0	0	0	0.00%		_____%				0.00%
3. Preferred Stock	_____	0	0	0	0.00%		_____%				0.00%
4. Customer Deposits	_____	0	0	0	0.00%	_____%	_____%	_____%	0.00%	0.00%	0.00%
5. Common Equity	_____	0	0	0	0.00%	_____%	_____%	_____%	0.00%	0.00%	0.00%
6. ITC	_____	0	0	0	0.00%		_____%				0.00%
7. Cost Free Capital	_____	0	0	0	0.00%						0.00%
8. Total Capital	\$0	\$0	\$0	\$0	0.00%				0.00%	0.00%	0.00%

FINANCIAL RATIOS

- 9. % Internal funds to construction expenditures after dividends (Total Company) _____
- 10. Times interest earned (NI+Interest+Income Tax)/Interest (Total Company) _____
- 11. Long Term Debt / Capital (Intrastate) _____%
- 12. Short Term Debt / Capital (Intrastate) _____%
- 13. Average adjusted achieved return on equity (Intrastate) _____%

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE FORECASTED EARNINGS SURVEILLANCE REPORT

Company : _____
Year 19__

FORECAST ASSUMPTIONS

	Forecast Year	Prior Year
Residential Access Lines	_____	_____
Business Access Lines	_____	_____

OTHER MAJOR FORECAST ASSUMPTIONS

I am the person responsible for preparation of this document and I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.

Name

Signature

Title

Date