

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: 1988 Earnings Refund of)	DOCKET NO. 890596-TL
QUINCY TELEPHONE COMPANY)	ORDER NO. 21547
_____)	ISSUED: 7-14-89

The following Commissioners participated in the disposition of this matter:

- MICHAEL McK. WILSON, Chairman
- THOMAS M. BEARD
- BETTY EASLEY
- GERALD L. GUNTER
- JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTION
AND
ORDER ON REFUNDS

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 formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Order No. 18831, issued February 9, 1988, directs Quincy Telephone Company (Quincy) to refund any 1988 earnings in excess of a 14.8% Return on Equity (ROE). On March 15, 1989, the company filed its preliminary earnings surveillance report for 1988, which calculated such excess earnings to be \$125,675. Upon consideration, we approve a preliminary refund of \$191,212, including this \$125,675 amount as well as \$8,506 in interest and five adjustments recommended by our Staff.

The first adjustment corrects a \$39,976 overstatement of the 1988 Gross Receipts Tax. The second adjustment excludes \$17,349 of business acquisition costs in accordance with Order No. 20937, issued March 27, 1989, which held that Quincy's business acquisition costs should be excluded for 1986 refund purposes because these expenses were not found to benefit directly the company's ratepayers. The third adjustment removes the credit to the emergency excise tax which is due to an overaccrual of 1987 taxes. The two final adjustments stem from errors made by Quincy in calculating the cost of its

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long-term debt. The company overstated the cost of long-term debt, thereby overstating the cost of capital. Overstating the cost of debt also overstates the amount of interest for calculating income tax expense; therefore, income tax expense should be increased for the decrease in interest expense.

Pursuant to Order No. 18831, this refund should be credited to residential and business customers in the same proportion as the various local exchange rates bear to each other during the June 1989 billing cycle. Quincy shall file a report furnishing the details of the refund of the preliminary amount established herein. Based on its final 1988 costs separation study completed by June 30, 1989, Quincy shall file its final earnings surveillance report for 1988, which may indicate that a "true-up" refund is necessary. Accordingly, this docket shall remain open to deal with any "true-up" refund that may be required.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Quincy Telephone Company shall refund \$191,212 as a preliminary settlement of the company's 1988 excess earnings in the manner described in the body of this Order. It is further

ORDERED that this docket shall remain open to monitor the refunds and to determine the amount of any final refund necessary to "true-up" the total refund of 1988 overearnings.

By ORDER of the Florida Public Service Commission,
this 14th day of July, 1989.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

by: Kay Flynn
Chief, Bureau of Records

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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.

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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on August 4, 1989. In the absence of such a petition, this order shall become effective August 7, 1989 as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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 August 7, 1989, any party adversely 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 sewer 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.