

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition requesting special) DOCKET NO. 910988-TL
 reserve amortization by GTE FLORIDA) ORDER NO. 25587
 INCORPORATED) ISSUED: 01-09-92
 _____)

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER DENYING SPECIAL RESERVE AMORTIZATIONS

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

On September 24, 1991, GTE Florida Incorporated (GTEFL or the Company) filed a petition requesting approval of amortization schedules relating to the unrecovered costs associated with certain analog and digital switching installations scheduled for retirement by year-end 1991. GTEFL's last depreciation study was submitted in June 1990; however, numerous data problems were unable to be resolved. By Order No. 25378, issued November 25, 1991, we granted the Company's petition to withdraw its depreciation study and voluntarily dismiss the case without prejudice. We also ordered that the rates established by Order No. 19720, issued July 26, 1988, should continue until we determined otherwise. Finally, we ordered GTEFL to file a new depreciation study by July 1, 1992. Therefore, currently prescribed depreciation rates stated in accord with Part 32 of the Uniform System of Accounts were ordered to continue in effect until the Company files a new study.

Our staff's analysis of the recovery schedules for the 1991 retiring switching installations indicates that the appropriate amount to be recovered from analog switching retirements is \$15,381,047, while the digital switching recovery is \$5,667,351. Thus, the total amortization is \$21,048,398, as shown on Attachment A. The analog and digital switching locations in question are described in Attachment B. The difference between the stated

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reserves of the GTEFL petition and those we are approving is the result of booking errors in the reserve. In some cases, an incorrect amount of reserve was transferred with the associated transfer of investment; in other cases, net salvage was misstated.

We believe that known installations planned for retirement should be recognized and recovered over the remaining period of time the equipment is in service. Recovery could be deferred until next year when the overall study is resubmitted. However, by that time the installations referred to in this Order would have already retired and there would be a negative component in the reserve attributed to their underrecovery. This would translate into positive rate base upon which the Company would earn a rate of return.

Thus, we find that GTEFL's petition shall be denied as filed. We further find that the appropriate recovery schedules for certain retiring analog and digital switching installations are as stated in Attachments A and B, attached hereto.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition by GTE Florida Incorporated requesting special reserve amortizations is hereby denied. The appropriate amortization schedules are included as Attachments A and B herein. It is further

ORDERED that this docket be closed if no timely protest is filed in accordance with the requirement set forth below.

By ORDER of the Florida Public Service Commission, this 9th
day of JANUARY, 1992.



STEVE TRIBBLE, 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 120.59(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 1/30/92.

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 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 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.

ATTACHMENT A

**GTE FLORIDA INCORPORATED
RECOVERY SCHEDULES FOR PLANNED 1991 RETIRING
SWITCHING INSTALLATIONS**

<i>1991 RETIREMENTS</i>	<i>12/31/90 INVESTMENT</i>	<i>APPROVED</i>		
		<i>12/31/90 RESERVE</i>	<i>NET SALVAGE</i>	<i>AMOUNT TO BE RECOVERED</i>
Analog Switching	79,568,129	64,270,363	(83,281)	15,381,047
Digital Switching	13,246,590	4,728,671	2,850,568	5,667,351
Total Amortization	92,814,719	68,999,034	2,767,287	<u>21,048,398</u>

GTE FLORIDA INCORPORATED
1991 PLANNED RETIRING SWITCHING INSTALLATIONS

<i>LOCATION</i>	<i>12/31/90 INVESTMENT</i>	<i>12/31/90 RESERVE</i>	<i>NET SALVAGE</i>	<i>AMOUNT TO BE RECOVERED in 1991</i>
<i>Analog</i>			@	
<i>1211 Temple Terrace</i>	11,327,642	9,149,790	(2,418)	2,180,270
<i>1323 Brandon</i>	11,739,641	9,482,578	98,551	2,158,512
<i>1727 Hyde Park</i>	7,434,180	6,004,885	(41,918)	1,471,213
<i>3218 Winter Haven</i>	11,462,926	9,259,064	(90,148)	2,294,010
<i>5121 Largo</i>	11,778,682	9,514,113	(27,988)	2,292,557
<i>5213 Countryside</i>	11,345,689	9,164,367	3,318	2,178,004
<i>5324 New Port Richey</i>	14,479,369	11,695,566	(22,678)	2,806,481
<i>Total</i>	79,568,129	64,270,363	(83,281)	15,381,047

@ GTEFL petition calculated reserve based on misstated analog rate account reserve of 80.616%. Approved reserve based on reserve ratio of analog rate account of 80.774%.

<i>Digital</i>				
<i>Brandon</i>	5,098,586	1,000,091	2,085,281	2,013,214
<i>Sulphur Springs #3 EAX</i>	8,148,004	3,728,580	765,287	3,654,137
<i>Total</i>	13,246,590	4,728,671	2,850,568	5,667,351
<i>Grand Total</i>	92,814,719	68,999,034	2,767,287	21,048,398