

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of SOUTHERN ) DOCKET NO. 880069-TL  
BELL TELEPHONE AND TELEGRAPH ) ORDER NO. PSC-92-0177-FOF-TL  
COMPANY for rate stabilization ) ISSUED: 04/09/92  
and implementation orders and )  
other relief. )  
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The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION  
ORDER FINALIZING 1990 EARNINGS FOR  
SHARING PURPOSES FOR SOUTHERN BELL  
TELEPHONE AND TELEGRAPH COMPANY

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.

By Order 20162, issued October 13, 1988 in this docket, the Commission directed Southern Bell Telephone and Telegraph Company (Southern Bell or the Company) to share 60 percent of its earnings between 14 and 16 percent return on equity (ROE) with ratepayers. Any and all earnings over 16% ROE after sharing were to be returned to the ratepayers. Based on an audit of Southern Bell's 1990 surveillance report, it appears that the ROE for 1990 fell below the 14% sharing threshold. Southern Bell earned a revised adjusted ROE of 13.81% for 1990. The ROE was revised to include principally out of period adjustments, including the final tax adjustments for 1990.

Pursuant to Order No. 20162, only increased earnings that result from Southern Bell's efforts are subject to sharing. Earnings from exogenous factors such as tax or separation changes are excluded from sharing. The following earnings, therefore, were excluded from the splitting process: all rate changes other than regroupings; changes resulting from significant governmental actions with a minimum impact of \$3,000,000 of revenue requirements; refinancing of higher cost debt instruments and major technological changes. In addition, rate increases are to be

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netted against rate decreases, significant governmental actions, and debt refinancings. If the result is an overall increase in earnings due to the netting process, the net amount will be refunded to ratepayers or other permanent disposition. If netting produces a decrease in earnings the company will absorb the loss. The following is a summary of the effects of these factors on Southern Bell's 1990 earnings.

		<u>1990 Impact On Earnings</u>
I.	Rate changes	
	A. Rate increases	\$17,261,000
	B. Rate decreases	<u>(3,754,000)</u>
	Net	\$13,507,000
II.	Exogenous Changes	
	A. Depreciation increase due to USOAR Docket	\$(8,862,000)
	B. Separations Change	<u>(7,422,000)</u>
	Net	\$(16,284,000)
III.	Debt Refinancing	
	A. Difference between forecast and actual	<u>\$(1,316,000)</u>
	Total	<u>\$(4,093,000)</u>

As shown by the table above, the effect of netting rate changes against exogenous factors and debt refinancing results in a negative amount for 1990. Therefore, no refunds or permanent dispositions are required.

Based on the foregoing, it is

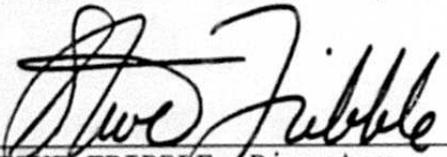
ORDERED by the Florida Public Service Commission that, in accordance with Order No. 20162, no sharing of Southern Bell Telephone and Telegraph Company's 1990 earnings is required as set forth in the body of this Order. It is further

ORDERED that the netting of exogenous factors does not require a refund as set forth in the body of this Order. It is further

ORDERED that this docket remain open.

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

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

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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 April 30, 1992.

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.

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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.