

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to implement ) DOCKET NO. 920284-TL  
Triennial Depreciation Repre- ) ORDER NO. PSC-92-0976-S-TL  
scription by GTE FLORIDA ) ISSUED: 09/10/92  
INCORPORATED. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING STIPULATION

BY THE COMMISSION:

I. Background

On March 30, 1992, GTE Florida Incorporated (GTEFL) filed a Petition to approve its triennial depreciation rescription pursuant to Rules 25-22.036(4) and 25-4.0175, Florida Administrative Code. On April 16, 1992 the Office of the Public Counsel (Public Counsel) filed its Notice of Intervention and Response to GTEFL's Petition. The Florida Cable Television Association (FCTA) was granted intervention on June 10, 1992. After extensive discovery by the parties and the Commission Staff, the parties filed a joint stipulation proposing the resolution of this case on August 11, 1992.

II. Joint Stipulation

In accordance with the terms of the Stipulation, the parties have agreed that the Commission's approval of the Stipulation will resolve all issues in this case. A copy of the Stipulation is attached to this Order as Appendix A. As discussed in greater detail below, we find it appropriate to approve the Stipulation subject to one modification. We note that each of the parties has agreed to the modification as discussed below.

The Stipulation provides that current depreciation rates be revised as shown on page 5 of Appendix A, with a date of implementation of January 1, 1993. The Agreement provides, inter alia, an allocation of the accumulated bottom-line reserve amount of \$4,461,405 stemming from prior Commission actions associated with interest synchronization (JDIC), Bill & Keep of interLATA toll, and the reduction of ALLTEL's interLATA access charge subsidy. This amount will be allocated to the Operator Systems retiring in 1992, and to the Circuit Equipment and Aerial Wire

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accounts. This allocation will offset the unrecovered amount of the retiring operator systems, correct the negative reserve in the Aerial Wire account and mitigate the apparent reserve deficiency in Circuit Equipment account.

While we agree with this allocation, the Stipulation inadvertently does not address an additional bottom-line reserve amount of \$1,731,370. This amount stems from prior Commission actions associated with GTEFL's unrefunded 1988 tax savings and with the reduction of Northeast Telephone Company's interLATA access charge subsidy. See Orders Nos. 24091 (Docket No. 890216-TL) and PSC-92-0368-FOF-TL (Docket No. 910731-TL), respectively. In both cases, the amounts placed in the bottom-line reserve were to be made account specific in this depreciation review. Rather than continuing to maintain these amounts on a bottom-line reserve basis, we find that this amount, along with any subsequent true-ups, should be allocated to the reserve for the Circuit Equipment account to help further reduce its calculated reserve deficiency. We note that this modification results in a 16.8% depreciation rate for the Circuit Equipment account rather than the 16.9% as shown on Page 5 of the Appendix.

We have reviewed the Stipulation and find that, with the modification discussed above, it provides an equitable resolution of this case. Accordingly, we find it appropriate to approve the Stipulation subject to the modification. In addition, our approval is subject to certain clarification regarding Paragraph 5 of the Stipulation. This paragraph states that neither Public Counsel nor FCTA will raise any depreciation issues in the Company's pending rate proceeding in Docket No. 920188-TL regarding retiring circuit equipment, the implementation date of revised depreciation rates, adjustments to Telephone Plant Under Construction (TPUC), and the prudence of investments. While there is currently no issue regarding adjustments to TPUC or the prudence of investments, our Staff is still in the discovery phase of the rate proceeding. To the extent issues relating to either of these areas arise through the course of discovery, it should be understood that this Stipulation does not preclude our Staff or the Commission itself from raising and pursuing those issues in that case.

As a final note, the depreciation rates set forth in the Stipulation, as modified, will be used to calculate test year depreciation expense in GTEFL's rate proceeding in Docket No. 920188-TL.

Based on the foregoing, it is

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ORDERED by the Florida Public Service Commission that the Joint Stipulation, as modified by agreement of the parties, proposing to resolve the issues in this case is approved as set forth in the body of this Order. It is further

ORDERED that our approval of the Stipulation is clarified to state that the Stipulation does not preclude pursuit by the Commission's Staff of issues described in Paragraph 5 of the Stipulation. It is further

ORDERED that this docket be closed.

By ORDER of the Florida Public Service Commission this 10th day of September, 1992.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

TH

by: Kay Higney  
Chief, Bureau of Records

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 the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida

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Administrative Code; or 2) 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 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 after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of GTE Florida )  
Incorporated to Implement Its )  
Triennial Depreciation Represcription) )

Docket No. 920284-TL  
Filed:

JOINT STIPULATION

GTE Florida Incorporated ("GTEFL" or "Company"), the Office of Public Counsel ("Public Counsel"), and the Florida Cable Television Association ("FCTA") (collectively, "Parties") agree to the following terms in settlement of the above-captioned case.

1. GTEFL's current depreciation rates shall be revised in accordance with the rate schedule attached to this Joint Stipulation. The rates reflected in this schedule shall take effect on January 1, 1993.
2. No capital recovery schedules are proposed for 1993, and the Company will not seek additional amortizations or depreciation rate revisions which would increase depreciation expense in 1993 without prior agreement from Public Counsel.
3. The accumulated reserve in Account X999 related to job development investment credit ("JDIC") and other nonaccount-specific reserves projected to be \$4,461,405 shall be applied as follows:
  - a. Operator Systems - Scheduled for Retirement:  
\$2,116,874
  - b. Circuit Equipment: \$2,113,805
  - c. Aerial Wire: \$230,726

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PSC-RECORDS/REPORTING

4. The Aerial Wire Account shall be combined with the Aerial Cable Account, since it contains primarily long drop wires. The Aerial Wire Account no longer contains long-term investments such as open wire or rural distribution wire.

5. Public Counsel and FCTA will not raise depreciation issues, explicitly including the following matters, in Docket No. 920188-TL:

- a. The 1990 retirement of approximately \$170 million in the Circuit Equipment Account.
- b. Implementation dates for the revised depreciation schedules.
- c. Adjustments for Telephone Plant Under Construction ("TPUC").
- d. The prudence of Company investments and investment strategies, explicitly including those pertaining to outside plant, central office, and circuit equipment.

6. This Stipulation is intended to resolve all issues pending in this docket, as well as the additional issues specified in the preceding number 5 that have been or may be raised in Docket No. 920188-TL.

7. The parties agree to address the issues regarding cross-subsidy of competitive services within the context of Docket 920188-TL.

8. GTEFL maintains that its plans for network evolution and for the development of new products and services based on new technology are appropriate. The Company recognizes, however, that moving toward a switched fiber optic broadband network involves many variables and that it may at this time be difficult to predict with exact certainty the pace and timing of the ultimate completion of this process. The Company will continue to develop plans to improve its network and to implement new technology and will keep the Commission properly informed of these plans.

9. This Stipulation is based on the unique factual circumstances of this case and shall have no precedential value in subsequent proceedings. If the Commission does not accept this Stipulation, the Parties reserve the right to assert different positions on any of the matters treated herein.

10. No Party shall unilaterally recommend or support modification of this Stipulation, discourage its acceptance by the Commission, or request reconsideration of or otherwise appeal the order approving this Stipulation.

11. This Stipulation shall be effective upon Commission approval. In the event that the Commission rejects or modifies the Stipulation, in whole or in part, the parties agree that it is void unless otherwise ratified by all the parties, and that no Party will be bound by, make reference to, or in any way rely upon this Stipulation before this Commission or any court or administrative agency.

12. The Parties hereby request the Commission to take final action approving this Stipulation at the earliest possible agenda conference, and to conclude this Docket without further proceedings.

GTE Florida Incorporated

By:

Kimberly Caswell

Title: Attorney

Date: August 7, 1992

Office of Public Counsel

By:

Jack Shere

Title: \_\_\_\_\_

Date:

August 10, 1992

Haben, Culpepper, Dunbar & French, P.A.  
for Florida Cable Television Association

By:

Steven J. Mindlin

Title: Partner

Date:

August 10, 1992

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APPENDIX A  
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GTE FLORIDA  
 SUMMARY OF CHANGES IN  
 DEPRECIATION RATES

ACCOUNT NUMBER	CLASS OR SUBCLASS OF PLANT	RATES IN EFFECT 12/31/91	PROPOSED RATES 1/1/93
2112.10	PASSENGER CARS	13.6	
2112.20	LIGHT TRUCKS		14.0
2112.30	HEAVY TRUCKS	7.3	7.4
2112.40	HEAVY EQUIPMENT	3.5	8.5
2121.11, .20	BLD-SINGLE/MULTIUNIT	8.4	13.1
2121.13	BLD-RSU	4.5	4.1
2121.30	BLD-PLANT	5.0	5.0
2121.40	BLD-OFFICE	2.9	3.2
2121.50, .60	BLD-OTHER	1.9	1.9
2211	ANALOG SWITCHING EMBEDDED	7.0	5.5
2211	ANALOG SW. NEW ADDS	15.7 *	0.0
2212	DIGITAL SWITCHING	0.0	66.7
2220	OPERATOR SYSTEMS	6.1 *	6.4
2220	OPER SYS RETIRING	10.0	10.0
2231	RADIO SYSTEMS	10.0	0.0
2232	CIRCUIT EQUIPMENT	7.9	8.3
2232	CIRCUIT-LIGHTWAVE	8.3 *	16.9
2351	PUBLIC TELEPHONE	8.3 *	10.0
2351	PUBLIC TELE. NEW ADDS	12.6	0.0
2362.91, 93	SUBS CARRIER/E911	0.0	10.0
2362.92	NET CH TERM EQ/PRIV LINE	6.6	12.5
2362.94	TELE DEV DEAF/HEAR IMP	13.2	3.3
2411	POLES	21.3	8.2
2421.10	AERIAL CABLE-METALLIC	8.0	7.2
2421.20	AERIAL CABLE-FIBER	4.7	4.7
2422.10	UGND CABLE-METALLIC	5.8	5.8
2422.20	UGND CABLE-FIBER	4.9	6.3
2423	BURIED CABLE-METALLIC	5.3	5.3
2423.20	BURIED CABLE-FIBER	5.1 *	5.1
2424.10	SUBMARINE CABLE-METALLIC	5.3	5.3
2424.20	SUB CABLE-FIBER	3.8	3.8
2426.1X	INTRABLDG CABLE-METALLIC	5.3	5.3
2426.2X	INTRA CABLE-FIBER	4.8	4.8
2441	CONDUIT SYSTEMS	5.7	5.7
2115	GARAGE WORK EQUIPMENT	2.3	2.3
2116	OTHER WORK EQUIPMENT	7 YEAR AMORTIZATION	7 YEAR AMORTIZATION
2122	FURNITURE	7 YEAR AMORTIZATION	7 YEAR AMORTIZATION
2123.10	OFFICE SUPPORT EQUIPMENT	10 YEAR AMORTIZATION	10 YEAR AMORTIZATION
2123.20	COMPANY COMM EQUIPMENT	7 YEAR AMORTIZATION	7 YEAR AMORTIZATION
2124	GENERAL PURPOSE COMPUTER	5 YEAR AMORTIZATION	5 YEAR AMORTIZATION

\* COMPOSITE RATE