

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

M E M O R A N D U M

JULY 8, 1993

TO : DIRECTOR OF RECORDS AND REPORTING

FROM : DIVISION OF AUDITING AND FINANCIAL ANALYSIS (MAILHOT) DM
DIVISION OF COMMUNICATIONS (DOWDS) SC RNT
DIVISION OF LEGAL SERVICES (HATCH) FL

RE : DOCKET NO. 920193-TL - MODIFIED MINIMUM FILING
REQUIREMENTS REPORT OF ALLTEL FLORIDA, INC.
DOCKET NO. 920260-TL - SOUTHERN BELL TELEPHONE AND
TELEGRAPH COMPANY, REVIEW OF REVENUE REQUIREMENTS AND
RATE STABILIZATION PLAN

AGENDA: JULY 20, 1993 - CONTROVERSIAL - PARTIES MAY PARTICIPATE -
PROPOSED AGENCY ACTION

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\AFA\WP\920193.RCM

CASE BACKGROUND

By Order No. PSC-93-0562-FOF-TL, issued April 13, 1993, the Commission set rates for ALLTEL FLORIDA, INC. (ALLTEL), effective April 1, 1993, based on a 1993 budget. The Commission ordered net rate reductions and a reduction to ALLTEL's interLATA subsidy receipts totaling \$1,103,000, annually. True ups for depreciation expense due to the then pending depreciation rescription and revenue from stimulation upon implementing \$.25 calling plans was also required. The true up for depreciation expense was addressed at the May 18, 1993 agenda. This recommendation addresses the true up for the \$.25 calling plans.

DOCUMENT NUMBER-DATE

07301 JUL-8 83

PSC-RECORDS/REPORTING

DOCKET NO. 920193-TL & 920260-TL
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ISSUE 1: Should the Commission approve a final true up of the \$.25 calling plans implemented by ALLTEL?

RECOMMENDATION: Yes. The Commission should approve a final true up of \$140,000 in revenues for the \$.25 calling plans. ALLTEL's interLATA subsidy should be reduced by \$140,000 annually, effective October 1, 1993, and the interLATA subsidy pool receipts and payments shown on ATTACHMENT A should be approved. [MAILHOT]

STAFF ANALYSIS: At the time of preparing its 1993 budget, ALLTEL did not have any experience with the \$.25 calling plan; therefore, the company did not estimate any stimulation. Order No. PSC-93-0562-FOF-TL requires that a true up be made of the revenue which ALLTEL receives from implementing the \$.25 calling plan. The true up is to be completed in the third quarter of 1993, based on actual data for the six months ended June 30, 1993.

Due to unexpected delays in the schedule of this docket, some actual data was already available on the revenues from the \$.25 calling plans at the time the Commission made its decision in March 1993. Therefore, the Commission approved a preliminary true up of \$160,000 and reduced ALLTEL's interLATA subsidy, effective April 1, 1993.

Actual revenues from implementing the \$.25 calling plans indicate that a true up of \$300,000 is required. Since the Commission has already disposed of \$160,000 through previous action, a final true up of \$140,000 is necessary. We believe that it is appropriate to continue to reduce ALLTEL's interLATA subsidy, consistent with the Commission goal of placing each LEC on a true bill and keep basis.

Staff recommends that the Commission approve a final true up of \$140,000 in revenues for the \$.25 calling plans. ALLTEL's interLATA subsidy should be reduced by \$140,000 annually, effective October 1, 1993, and the interLATA subsidy pool receipts and payments shown on ATTACHMENT A should be approved.

DOCKET NO. 920193-TL & 920260-TL
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ISSUE 2: Should Southern Bell's reduced subsidy payment be treated as an additional set aside amount in Docket No. 920260-TL?

RECOMMENDATION: Yes. The Commission should treat Southern Bell's reduced subsidy payment as an additional set aside amount to be disposed of in Docket No. 920260-TL. [MAILHOT]

STAFF ANALYSIS: If the Commission approves Issue 1, then the amount paid into the interLATA subsidy pool by Southern Bell will decrease. In the past, when a company's payments into the subsidy pool have decreased, the Commission has disposed of the money by applying it to some specific purpose. Consistent with prior actions of the Commission, staff recommends that the reduction in subsidy payments by Southern Bell be added to the set aside amount to be disposed of in Docket No. 920260-TL.

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ISSUE 3: Should docket 920193-TL be closed?

RECOMMENDATION: Yes. Docket 920193-TL should be closed at the expiration of the PAA period, if no timely protest is filed.
[MAILHOT]

STAFF ANALYSIS: Order No. PSC-93-0562-FOF-TL required that true ups of ALLTEL's budget be done for depreciation expense and revenue from stimulation on the \$.25 calling plans. The Commission addressed the true up of depreciation expense at the May 18, 1993 agenda. This recommendation completes the true up of the \$.25 calling plans. No other action remains to be done in this docket. This docket should be closed at the expiration of the PAA period, if no timely protest is filed.

**INTERLATA TOLL BILL AND KEEP
 CALCULATION OF SUBSIDY PAYMENTS
 October 1, 1993
 (\$000)**

<u>COMPANY</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
	INTERLATA BILL/KEEP IMPACT	DA & COIN REVENUE	REVENUE EFFECT OF PREVIOUS COMM ACTION	TOTAL IMPACT (1+2+3)	SUBSIDY CONTRIB	SHORTFALLS REQUIRING SUBSIDY
ALLTEL	(2,110)	265	1,302 **	(543)		(543)
ST. JOSEPH	(1,674)	151	300 ***	(1,223)		(1,223)
SO. BELL	12,456	19,949	(27,481)	4,924	<u>1,766</u>	
TOTAL					<u>\$1,766</u>	<u>(\$1,766)</u>

- * EXCLUDING CENTRAL, FLORALA, GTE, GULF, INDIANTOWN, NORTHEAST, QUINCY, SOUTHLAND, UNITED AND VISTA-UNITED
- ** ALLTEL INCLUDES \$472,000 REDUCTION APPROVED IN DOCKET NO. 911108-TL, \$690,000 REDUCTION APPROVED IN DOCKET NO. 920193-TL AND THE \$140,000 REDUCTION CURRENTLY PROPOSED.
- *** ST. JOSEPH INCLUDES \$300,000 REDUCTION APPROVED IN DOCKET NO. 891238-TL.