

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed amendments to  
Rules 25-4.017, 25-4.0405, 25-  
4.135, and repeal of Rules 25-  
4.1352 and 25-4.1357, F.A.C.

DOCKET NO. 030405-TL  
ORDER NO. PSC-03-0973-FOF-TL  
ISSUED: August 28, 2003

The following Commissioners participated in the disposition of  
this matter:

LILA A. JABER, Chairman  
J. TERRY DEASON  
BRAULIO L. BAEZ  
RUDOLPH "RUDY" BRADLEY  
CHARLES M. DAVIDSON

NOTICE OF ADOPTION OF RULE AMENDMENTS

NOTICE is hereby given that the Florida Public Service  
Commission, pursuant to Section 120.54, Florida Statutes, has  
adopted the amendments to Rules 25-4.017, 25-4.0405 and 25-4.135,  
Florida Administrative Code, and the repeal of Rules 25-4.1352 and  
25-4.1357, Florida Administrative Code, relating to reporting  
requirements without changes.

The rule amendments were filed with the Department of State on  
August 26, 2003 and will be effective on September 15, 2003. A  
copy of the rule as filed with the Department is attached to this  
Notice.

This docket is closed upon issuance of this notice.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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By ORDER of the Florida Public Service Commission, this 28th  
day of August, 2003.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records and Hearing  
Services

( S E A L )

CTM

25-4.017 Uniform System of Accounts.

(1) Each rate-of-return regulated local exchange telecommunications company shall maintain its accounts and records in conformity with the Uniform System of Accounts for Telecommunications Companies (USOA) as prescribed by the Federal Communications Commission in Title 47, Code of Federal Regulations, Part 32 Class A, revised as of October 1, 2002 ~~1994~~, and as modified below. Inquiries relating to interpretation of the USOA shall be submitted in writing to the Commission's Division of Economic Regulation.

(2) Each company shall establish separate depreciation reserve subaccounts for each corresponding subaccount established in the USOA or by rules of this Commission.

(3) A telecommunications company may use a different account numbering system but shall use the same account descriptions as prescribed in the USOA or by this Commission. If a different account numbering system is used, a cross reference of the company's system to the Commission's numbering system shall be shown in the company's chart of accounts.

(4) Each company shall file, within 60 days of a final order involving accounting matters, a description of all resultant entries and adjustments to the accounting records.

Specific Authority: 350.127(2), F.S.

Law Implemented: 350.115, 364.17, F.S.

History: Revised 12/1/68, Amended 3/31/76, 8/21/79, 1/2/80, 12/13/82, 12/13/83, 9/30/85, formerly 25-4.17, Amended 11/30/86, 4/25/88, 2/10/92, 8/11/92, 3/10/96,\_\_\_\_\_.

25-4.0405 Telephone Directory Advertising Revenues.

(1) The provisions of this rule, in conjunction with the provisions of Section 364.037, Florida Statutes (2002) ~~(1995)~~, shall govern the ratemaking treatment for telephone directory advertising revenues and expenses of rate-of-return regulated local exchange telecommunication companies.

(2) Adjustments under Section 364.037(1) for customer growth and Consumer Price Index shall be calculated in accordance with paragraph (2)(a), producing a Test Year Regulated Gross Profit. Except as provided in paragraph (2)(e), the Test Year Regulated Gross Profit shall be used to establish the test year gross profit from directory advertising in the local franchise area to be considered in setting rates for telecommunications service.

(a) The Test Year Regulated Gross Profit is determined as follows: Test Year Regulated Gross Profit = 1982 Gross Profit Base x Customer Growth Factor x CPI factor.

(b) The Customer Growth Factor is determined as follows:  
Customer Growth Factor = Average test year access lines  
Average 1982 access lines.

(c) The CPI Factor reflects CPI adjustments made using the annual average Consumer Price Index - All Urban (CPI-U) as follows:

CPI Factor = Annual average CPI-U for test year

96.5

(d) An access line is any exchange line that provides residential or business service as follows:

1. Residential lines;
2. Business lines;
3. Centrex lines;
4. PBX trunks; or
5. Key system lines.

(e) When the Test Year Regulated Gross Profit is less than two-thirds of the actual test year gross profit from directory advertising, two-thirds of the actual test year gross profit shall be used. When the Test Year Regulated Gross Profit is greater than

the actual test year gross profit from directory advertising, the actual test year gross profit shall be used.

(f) Each local exchange company shall record its directory advertising revenues in revenue account 5230 (Directory Revenues) and shall record its directory advertising expenses in expense account 6622 (Number Services). Only those expenses formerly recorded in expense account 649 (Directory Expense) shall be recorded in expense subaccount 6622.1. The actual test year gross profit from telephone directory advertising shall be determined by subtracting the amount recorded in expense subaccount 6622.1 from the amount recorded in revenue account 5230, with such adjustments as the Commission deems appropriate.

(g) Directory advertising revenues, as used in this rule, shall include revenue from both yellow page advertising, including national advertising, and any boldface or other highlighted white page listings for directories within the franchised area of the exchange telephone company. Directory advertising expenses, as used in this rule, shall include expenses incurred in furnishing directories.

(3) The dollar amount of the 1982 Gross Profit Base for each local exchange telephone company is established pursuant to Section 364.037(3) as follows:

| <u>Local Exchange Company</u>                                      | <u>1982 Gross Profit Base</u> |
|--|-------------------------------|
| <del>ALLTEL Florida, Inc.</del>                                    | <del>\$299,380</del>          |
| <del>Florida Telephone Company, Inc.</del>                         | <del>\$1,780</del>            |
| <del>Gulf Telephone Company</del>                                  | <del>\$54,794</del>           |
| <del>Indiantown Telephone System, Inc.</del>                       | <del>\$28,319</del>           |
| <del>Northeast Florida Telephone Company, Inc.</del>               | <del>\$20,676</del>           |
| <del>Quincy Telephone Company</del>                                | <del>\$68,580</del>           |
| <del>St. Joseph Telephone and Telegraph Company</del>              | <del>\$148,538</del>          |
| <del>Southern Bell Telephone &amp; Telegraph Company-Florida</del> | <del>\$102,215,043</del>      |
| <del>Frontier Telephone Company</del>                              | <del>\$8,830</del>            |
| <del>Vista-United Telecommunications</del>                         | <del>\$161,840</del>          |

(4) The Average 1982 Access Lines for each local exchange telephone company is as follows:

| <u>Local Exchange Company</u>   | <u>1982 Average Access Lines</u> |
|---------------------------------|----------------------------------|
| <del>ALLTEL Florida, Inc.</del> | <del>36,435</del>                |

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|--|-----------|
| <del>Floralata Telephone Company, Inc.</del>                               | 1,417     |
| <del>Gulf Telephone Company</del>  | 5,934     |
| <del>Indiantown Telephone System, Inc.</del>                               | 1,501     |
| <del>Northeast Florida Telephone<br/>Company, Inc.</del>                   | 3,874     |
| <del>Quincy Telephone Company</del>  | 7,089     |
| <del>St. Joseph Telephone and Tele-<br/>graph Company</del>                | 16,229    |
| <del>Southern Bell Telephone &amp; Tele-<br/>graph Company - Florida</del> | 2,993,084 |
| Frontier Telephone Company   | 2,279     |
| Vista-United Telecommunications  | 1,706     |

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.037, F.S.

History: New 4/21/86, formerly 25-4.405, Amended 4/25/88, 3/10/96,

\_\_\_\_\_  
25-4.135 Annual Reports.

(1) Each rate-of-return regulated local exchange telephone company shall file annual reports with the Commission on Commission Form PSC/ECR 018-T (  /  )(3/96) which is incorporated by reference into this rule. Form PSC/ECR 018-T, entitled "Annual Report of



Local Exchange Telephone Companies", may be obtained from the Commission's Division of Economic Regulation. These reports shall be verified by a responsible accounting officer of the company making the report and shall be due on or before April 30 for the preceding calendar year. A company may file a written request for an extension of time with the Division of Economic Regulation no later than April 30. One extension of 31 days will be granted upon request. A request for Commission approval of a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report will be filed. Good cause means a demonstration that the company has worked diligently to prepare the report and that the additional time period requested to complete and submit the report is both reasonable and necessary given the company's particular circumstances.

~~(2) The company shall also file with the original and each copy of the annual report form, or separately within 30 days, a letter or report, signed by an independent certified public accountant, attesting to the conformity in all material respects of the following schedules and their applicable notes of Form PSC/ECR 18 with the Commission's applicable uniform system of accounts and published accounting releases.~~

~~— (a) Schedule B-1 Balance Sheet,~~

~~— (b) Schedule B-2 Statement of Cash Flows, and~~

~~— (c) Schedule I-1 Income Statement.~~

~~— (3) (a) Each company shall file with the Commission an audit report issued by an independent auditor commenting on the company's compliance with its Cost Allocation Manual (CAM) or written accounting procedures for nonregulated operations. Beginning January 1, 1996, the compliance audit shall be performed no less than once every three years. The audit report shall be filed with the annual report or within 30 days of filing the annual report.~~

~~— (b) Each company shall file, along with the audit report, a list of all incidents of non-compliance with the CAM or written accounting procedures for nonregulated operations. This list shall include all errors and irregularities detected by the independent auditor during the audit, regardless of materiality.~~

~~— (c) The expense of the audit shall be separately identified and shall not be chargeable to expense for ratemaking purposes. The Commission may, upon sufficient showing, modify or waive these requirements.~~

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.17, F.S.

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History: New 12/27/94, amended 3/10/96,\_\_\_\_\_.

25-4.1352 Earnings Surveillance Report.

~~(1) Each rate of return regulated local exchange telephone company shall file rate of return data using Commission Form PSC/ECR 15 (3/96), which is incorporated by reference into this rule. Form PSC/ECR 15, entitled "Telephone Earnings Surveillance Report," may be obtained from the Commission's Division of Economic Regulation.~~

~~(2) The report shall be filed semiannually, by the 15th day of the second month following the reported period.~~

~~(3) A company may file a written request for an extension of time with the Division of Economic Regulation prior to the due date of the report. One extension of 31 days shall be granted upon request. A request for Commission approval of a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report shall be filed.~~

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.03(1), 350.117(1), F.S.

History: New 11/18/82, formerly 25-4.245, Amended 8/21/90, formerly 25-4.0245, Amended 6/10/94, 3/10/96, Repealed\_\_\_\_\_.

25-4.1357 Annual Separations Cost Study

~~(1) Each rate of return regulated local exchange telephone company that conducts a cost study on an annual basis shall file a copy of the study that separates operation's investments and expenses by interstate and intrastate with the Commission's Division of Economic Regulation on or before July 31 of each year.~~

~~(2) A company may file a written request for an extension of time with the Division of Economic Regulation no later than July 31. One extension of 31 days shall be granted upon request. A request for Commission approval of a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report shall be filed.~~

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.07(2), F.S.

History: New 10/31/93, amended 3/10/96, Repealed.