

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition to reform unbundled network element (UNE) cost of capital and depreciation inputs to comply with Federal Communications Commission's guidance in Triennial Review Order, by Verizon Florida Inc.

DOCKET NO. 050059-TL  
ORDER NO. PSC-05-0737-PCO-TL  
ISSUED: July 11, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman  
J. TERRY DEASON  
RUDOLPH "RUDY" BRADLEY  
LISA POLAK EDGAR

ORDER SETTING MATTER FOR HEARING

BY THE COMMISSION:

Verizon's rates for unbundled network elements (UNE) were set by us in Order No. PSC-02-1574-FOF-TP, issued November 15, 2002, in Docket No. 990649B-TP, In Re: Investigation into Pricing of Unbundled Network Elements (Sprint/Verizon Track). In December 2002, Verizon appealed our order to the Florida Supreme Court raising four issues: (1) whether the cost of capital allocations were supported by competent, substantial evidence; (2) whether depreciation allocations were supported by competent, substantial evidence; (3) whether the adjustments to Verizon's loading factors were reasonable and supported by the record; and (4) whether certain other calculations were proper. On September 2, 2004, the Florida Supreme Court upheld this Commission's decision on all four issues.

On January 25, 2005, Verizon filed this petition to change the cost of capital and depreciation inputs that were approved and used in calculating Verizon's UNE rates.<sup>1</sup> Verizon is requesting a 14.19% cost of capital and the use of the same depreciation lives that it uses for external financial reporting purposes. In its petition, Verizon contends that "Verizon's UNE rates, which were established by us in November 2002, are unlawful because they violate the FCC's *Triennial Review Order* prescriptions regarding cost of capital and depreciation inputs for setting UNE rates."

<sup>1</sup> Along with its petition, Verizon also filed testimony.

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In the *Triennial Review Order* (TRO)<sup>2</sup>, released August 21, 2003, the FCC clarified the standards that state commissions must apply when determining the appropriate cost of capital and depreciation input assumptions for setting unbundled network element (UNE) rates. At the June 21, 2005, Agenda Conference our staff recommended denying Verizon's Petition and closing the docket.

After much discussion, we decide instead to set this matter for hearing. The specific issues governing the proceeding will be addressed at a later date. Therefore, this docket shall remain open and the matter is set for hearing.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that this docket shall remain open and the matter is set for hearing.

By ORDER of the Florida Public Service Commission this 11th day of July, 2005.



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

( S E A L )

JLS

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<sup>2</sup> FCC 03-36, released August 21, 2003, in CC Docket Nos. 01-338, 96-98, and 98-147, In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, and Deployment of Wireline Services Offering Advanced Telecommunications Capability, Report and Order and Order on Remand.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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 the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida 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 and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services 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 Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.