

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Amendment of Rule 25-4.013,)	DOCKET NO. 900317-TL
F.A.C., Annual Reports for Local)	
Exchange Telephone Companies and)	ORDER NO. 23098
Rule 25-22.004, F.A.C., Commission)	
<u>Forms</u>)	ISSUED: 6-21-90

NOTICE OF RULEMAKING

NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has initiated rulemaking to amend Rule 25-4.018, F.A.C., relating to Annual Reports for Local Exchange Telephone Companies.

The attached Notice of Rulemaking will appear in the June 29, 1990 edition of the Florida Administrative Weekly. If requested, a hearing will be held at the following time and place:

10:00 a.m., Thursday, August 23, 1990
 Room 122, Fletcher Building
 101 East Gaines Street
 Tallahassee, Florida

Written requests for hearing and written comments or suggestions on the rule(s) must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, FL 32399, no later than July 20, 1990.

By Direction of the Florida Public Service Commission,
 this 21st day of JUNE, 1990.


 STEVE TRIBBLE, Director
 Division of Records & Reporting

(S E A L)

CTM

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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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FLORIDA PUBLIC SERVICE COMMISSION

Division of Appeals

DOCKET NO. 900317-TL

RULE TITLE:

RULE NO.:

Annual Reports

25-4.013

PURPOSE AND EFFECT: The rule is amended to allow additional time for local exchange telephone companies to file their annual reports with the Commission and to correct report deficiencies. The form supplied by the Commission for annual reports is also revised to make it easier for the companies to complete.

SUMMARY: The Commission's annual report form for local exchange telephone companies (LECs) is revised to incorporate the new Federal Communications Commission's (FCC) Part 32 Uniform System of Accounts. Certain unnecessary schedules of the present form are deleted, such as schedules requesting data to support acquisition adjustments and overseas telephone and related services. Other schedules, such as a balance sheet schedule and income statement schedule, are substituted for the FCC ARMIS report to make it easier for the majority of LECs to complete the reporting forms.

The amended rule changes the filing date for annual reports from March 31 to April 15, allowing companies an additional 15 days in which to file their annual reports with the Commission. The amended rule also changes the time for LECs to respond to staff's inquiries and correct deficiencies in the annual reports from 15 to 30 days from the date of a letter from the Commission.

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RULEMAKING AUTHORITY: 350.127(2), F.S.

LAW IMPLEMENTED: 364.17, F.S.

SUMMARY OF THE ESTIMATE OF ECONOMIC IMPACT OF THESE RULES:

Implementation of the rule changes is expected to have a minimal economic impact on LECs, the parties directly affected by the rule changes. The changes in the form primarily reflect new FCC annual report requirements or to eliminate unnecessary schedules. Actual cost or savings to ratepayers are too small to measure on an individual bill. None of the affected LECs are small businesses as defined by Chapter 120, F.S.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING. IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE AND PLACE SHOWN BELOW:
TIME AND DATE: 10:00 A.M., August 23, 1990.

PLACE: Room 122, 101 East Gaines Street, Tallahassee, Florida.
THE PERSON TO BE CONTACTED REGARDING THESE RULES AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399

THE FULL TEXT OF THE RULE IS:

25-4.018 Annual Reports.

(1) Each local exchange telephone company shall file with the Commission annual reports as required by the Florida Statutes, on Commission Form PSC/CMU 24 (/), which is incorporated by reference into this rule. [forms prescribed by the Commission.]

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Form PSC/CMU 24, entitled "Annual Report," was adopted , and may be obtained from the Commission's Division of Communications. These reports shall be certified correct by a responsible accounting official of the utility and shall be filed on or before April 15 [March 31], for the preceding calendar year. The filing date may be extended only by written permission of the Commission. Authorization for the correction of any errors found in the reports and replies to inquiries propounded by the Commission Staff shall be furnished in writing within thirty (30) [fifteen (15)] days from the date of the Commission's letter.

(2)(a) In addition the company [utility] shall file with the original and each copy of the annual report form, or separately, within 30 days after the filing date for the form, a letter or report signed by independent certified public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the U.S., attesting to the conformity in all material respects of the following schedules of Commission Form PSC/CMU 24 (/) [the Federal Communication Commission annual report form, as amended and supplied by the Florida Public Service Commission,] with the Federal Communication Commission's applicable uniform system of accounts, as amended by the Florida Public Service Commission:

1. Schedule B-1 Balance Sheet
2. Schedule B-2 Statement of Cash Flows
3. Schedule B-5a Analysis of Plant In Service

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4. Schedule B-5b Analysis of Accumulated Depreciation
5. Schedule B-10 Long Term Debt
6. Schedule I-1 Income Statement
- [1. Schedule 10 Balance Sheet
2. Schedule 11 Income and Retained Earnings
3. Schedule 12A Analysis of Telephone Plant
4. Schedule 12D Source and Application of Funds
5. Schedule 14A Analysis of Depreciation Reserve
6. Schedule 24 Long Term Debt
7. Schedule 34 Operating Revenue
8. Schedule 35 Operating Expenses]

Statement certification includes applicable notes relating thereto and published accounting releases.

(2)(b) Each local exchange telephone company shall file information on its affiliates and affiliated transactions on Commission Form PSC/AFA/6 (7/89) which is incorporated into this rule by reference. Form PSC/AFA/6 (7/89), entitled "Analysis of Diversification Activities" was effective July 20, 1989 and may be obtained by contacting the Commission's Division of Auditing and Financial Analysis.

(2)(c) Each local exchange telephone company shall file, with each annual report, on Schedules 1-4 of Form PSC/AFA/6 (7/89), the following information on its affiliates and affiliated transactions:

1. Any changes in its corporate structure including partnerships, minority interests, and joint ventures

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and an updated organizational chart.

2. A summary of affiliated transactions, by affiliate and by type of transaction, completed during the previous year. This summary shall include the gross dollar amount of the transaction and a reference to any relevant contract or agreement. Reporting for asset transfers or the rights to use assets shall include:
 - a. An indication that title has passed and the names of the purchasing and selling parties;
 - b. A description of the asset or right transferred; and,
 - c. A description of the financial or other considerations associated with the transfer.
 3. A listing of employees earning more than \$30,000 annually transferred to/from the local exchange telephone company to an affiliate company. The listing shall contain the following information:
 - * Old job assignment for the local exchange telephone company;
 - * New job assignment at the affiliate;
 - * Transfer permanent or temporary; and,
 - * If temporary, expected duration of assignment.
 4. A statement by a responsible accounting official of the local exchange telephone company certifying that all affiliated transfer prices or affiliated cost allocations were determined consistent with the methods reported to the Commission under this rule.
- (2) (d) Each local exchange telephone company shall also be

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required to keep a detailed backup report of the summary report to facilitate auditing and analysis. Each local exchange telephone company shall maintain a clear audit trail from the summary report through the general ledger to the source documents supporting the transaction.

(2)(e) The preceding schedules (25-4.018(2)(a) and (c)) shall be modified in content or number as directed by the Commission or as necessary to conform with generally accepted auditing standards and generally accepted accounting principles. Specific Authority: 350.127(2), F.S.

Law Implemented: 364.17, F.S.

History: Revised 12/1/68, Amended 3/31/76, formerly 25-4.18, Amended 12/16/86, 7/20/89.

NAME OF PERSON ORIGINATING PROPOSED RULE: Dale Mailhot

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULES:

Florida Public Service Commission

DATE PROPOSED RULES APPROVED: June 19, 1990

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

25-4.018 Annual Reports.

(1) Each local exchange telephone company shall file with the Commission annual reports as required by the Florida Statutes, on Commission Form PSC/CMU 24 (/), which is incorporated by reference into this rule. forms-prescribed-by-the-Commission- Form PSC/CMU 24, entitled "Annual Report," was adopted, and may be obtained from the Commission's Division of Communications. These reports shall be certified correct by a responsible accounting official of the utility and shall be filed on or before April 15 ~~March-31~~, for the preceding calendar year. The filing date may be extended only by written permission of the Commission. Authorization for the correction of any errors found in the reports and replies to inquiries propounded by the Commission Staff shall be furnished in writing within thirty (30) ~~fifteen-(15)~~ days from the date of the Commission's letter.

(2)(a) In addition the company utility shall file with the original and each copy of the annual report form, or separately, within 30 days after the filing date for the form, a letter or report signed by independent certified public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the U.S., attesting to the conformity in all material respects of the following schedules of Commission Form PSC/CMU 24 (/) ~~the-Federal-Communication Commission-annual-report-form;-as-amended-and-supplied-by-the-~~

CODING: Words underlined are additions; words in struck-through type are deletions from existing law.

1 Florida-Public-Service-Commission, with the Federal
2 Communication Commission's applicable uniform system of accounts,
3 as amended by the Florida Public Service Commission:

- 4 1. Schedule B-1 Balance Sheet
- 5 2. Schedule B-2 Statement of Cash Flows
- 6 3. Schedule B-5a Analysis of Plant In Service
- 7 4. Schedule B-5b Analysis of Accumulated Depreciation
- 8 5. Schedule B-10 Long Term Debt
- 9 6. Schedule I-1 Income Statement
- 10 ~~1. Schedule 10---Balance-Sheet~~
- 11 ~~2. Schedule 11---Income-and-Retained-Earnings~~
- 12 ~~3. Schedule 12A--Analysis-of-Telephone-Plant~~
- 13 ~~4. Schedule 12B--Source-and-Application-of-Funds~~
- 14 ~~5. Schedule 14A--Analysis-of-Depreciation-Reserve~~
- 15 ~~6. Schedule 24---Long-Term-Debt~~
- 16 ~~7. Schedule 34---Operating-Revenue~~
- 17 ~~8. Schedule 35---Operating-Expenses~~

18 Statement certification includes applicable notes relating
19 thereto and published accounting releases.

20 (2) (b) Each local exchange telephone company shall file
21 information on its affiliates and affiliated transactions on
22 Commission Form PSC/AFA/6 (7/89) which is incorporated into this
23 rule by reference. Form PSC/AFA/6 (7/89), entitled "Analysis of
24 Diversification Activities" was effective July 20, 1989 and may be
25 obtained by contacting the Commission's Division of Auditing and

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1 Financial Analysis.

2 (2)(c) Each local exchange telephone company shall file, with
3 each annual report, on Schedules 1-4 of Form PSC/AFA/6 (7/89), the
4 following information on its affiliates and affiliated
5 transactions:

6 1. Any changes in its corporate structure including
7 partnerships, minority interests, and joint ventures
8 and an updated organizational chart.

9 2. A summary of affiliated transactions, by affiliate
10 and by type of transaction, completed during the
11 previous year. This summary shall include the gross
12 dollar amount of the transaction and a reference to
13 any relevant contract or agreement. Reporting for
14 asset transfers or the rights to use assets shall
15 include:

16 a. An indication that title has passed and the names of
17 the purchasing and selling parties;

18 b. A description of the asset or right transferred; and,

19 c. A description of the financial or other
20 considerations associated with the transfer.

21 3. A listing of employees earning more than \$30,000
22 annually transferred to/from the local exchange
23 telephone company to an affiliate company. The
24 listing shall contain the following information:

25 * Old job assignment for the local exchange

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1 telephone company;

2 * New job assignment at the affiliate;

3 * Transfer permanent or temporary; and,

4 * If temporary, expected duration of assignment.

- 5 4. A statement by a responsible accounting official of
6 the local exchange telephone company certifying that
7 all affiliated transfer prices or affiliated cost
8 allocations were determined consistent with the
9 methods reported to the Commission under this rule.

10 (2) (d) Each local exchange telephone company shall also be
11 required to keep a detailed backup report of the summary report to
12 facilitate auditing and analysis. Each local exchange telephone
13 company shall maintain a clear audit trail from the summary report
14 through the general ledger to the source documents supporting the
15 transaction.

16 (2) (e) The preceding schedules (25-4.018(2) (a) and (c)) shall
17 be modified in content or number as directed by the Commission or
18 as necessary to conform with generally accepted auditing standards
19 and generally accepted accounting principles.

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

21 Law Implemented: 364.17, F.S.

22 History: Revised 12/1/68, Amended 3/31/76, formerly 25-4.18,

23 Amended 12/16/86, 7/20/89.
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