

**ORIGINAL  
FILE COPY**

**Southern Bell**

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E. Barlow Keener  
Attorney

July 6, 1990

Mr. Steve C. Tribble  
Director, Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32301

Re: Docket No. 891278-PU - Midpoint Rule

Dear Mr. Tribble:

Enclosed please find an original and fifteen copies of Southern Bell Telephone and Telegraph Company's Comments, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached certificate of Service.

- ACM ✓
- AFA 3
- APP 1
- CAF \_\_\_\_\_
- CML \_\_\_\_\_
- CTR \_\_\_\_\_
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- I 6
- I 1
- S 1
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Sincerely yours,  
*E. Barlow Keener*  
E. Barlow Keener

Enclosures

cc: All Parties of Record  
A. M. Lombardo  
Harris R. Anthony  
R. Douglas Lackey

RECEIVED & FILED

*[Signature]*  
FPSC-BUREAU OF RECORDS

A BELL SOUTH Company

DOCUMENT NUMBER-DATE  
05970 JUL -6 1990  
FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE  
Docket No. 891278-PU

I HEREBY CERTIFY that a copy of the foregoing has been  
furnished by United States Mail this 6<sup>th</sup> day of July, 1990  
to:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Revisions to ) Docket No. 891278-PU  
Rule 25-14.003, FAC, Corporate )  
Income Tax Expense Adjustment ) Filed: July 6, 1990  
Rule: Midpoint and Additional )  
Changes )  
\_\_\_\_\_ )

SOUTHERN BELL'S COMMENTS

COMES NOW Southern Bell Telephone and Telegraph Company ("Southern Bell" or "Company"), pursuant to Rule 25-22.039, Florida Administrative Code and Section 120.57, Florida Statutes, and files its Comments in response to the Notice of Rulemaking regarding the adoption of proposed Rule 25-14.003, Florida Administrative Code, relating to Corporate Income Tax Expense Adjustments.

1. On June 11, 1990, the Florida Public Service Commission ("Commission") published its Notice of Rulemaking regarding the amendment to the corporate income tax expense adjustments rule. In accord with the Notice of Rulemaking, Southern Bell is providing the following Comments. In general, Southern Bell believes that the proposed rule simply restates that powers granted to the Commission elsewhere can be exercised specifically with respect to income tax expense changes; however, Southern Bell believes that certain portions of the proposed rule and the Summary of the Estimate of Economic Impact ("Summary") should be clarified. Southern Bell is not requesting a hearing regarding the proposed rule amendment.

2. Southern Bell believes that the second sentence of the proposed rule should be clarified to avoid the use of different terms to refer to the same item and thereby avoid any apparent inconsistency in the meaning of the terms "change in tax expense" and "income tax adjustments". The proposed sentence of the rule states:

The Commission may conduct a limited proceeding regarding such a change in tax expense or may address income tax adjustments in a full rate case.

Southern Bell suggests that the inconsistency could be avoided if the sentence was changed to read as follows:

The Commission may conduct a limited proceeding regarding such a change in income tax expense or may address income tax expense in a full rate case.

3. In addition, the final sentence of the proposed rule states: "The repeal of existing language shall apply to tax savings for the tax year 1990 and thereafter." Notice of Rulemaking at p. 4. Southern Bell believes the rule would be easier to understand if it was stated as follows: "Pre-1990 tax savings will continue to be treated in accord with Rule 25-14.003, Florida Administrative Code, as it existed on January 1, 1990." Such a change in language would clarify the fact that tax savings as well as tax increases are meant to be treated in accord with the new rule and that only pre-1990 tax savings will be treated in accord with the rule that is being repealed.

4. Southern Bell also believes that Commission should clarify its "Summary of the Estimate of Economic Impact of this Rule". Notice of Rulemaking at p. 2. The Summary states that "Following rule revision, the Commission may conduct limited proceedings regarding any change in earnings due to tax rate changes or may address such earnings change through full rate cases." Id. p. 2. (emphasis added) The Summary implies that the rule encompasses only "tax rate changes" rather than all tax law changes affecting the Company's income tax expense, as provided in the rule itself. Therefore, Southern Bell believes that the Summary should be modified to include all tax law changes by providing: "Following rule revision, the Commission may conduct limited proceedings regarding any change in earnings due to income tax expense changes or may address such earnings change through full rate cases." (emphasis added)

Respectfully submitted,

SOUTHERN BELL TELEPHONE AND  
TELEGRAPH COMPANY

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