

**REQUEST TO ESTABLISH DOCKET**

(Please Type)

<b>Date</b>	4/28/03	<b>Docket No.</b>	030405 - TL
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<b>1. Division Name/Staff Name:</b>	GCL/Moore
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<b>2. OPR:</b>	GCL/Moore <i>CM</i>
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<b>3. OCR:</b>	ECR/Bass ECR/Hewitt
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<b>4. Suggested Docket Title:</b>	Proposed Amendments to Rules 25-4.017, 25-4.0405, 25-4.135, and Repeal of Rules 25-4.1352 and 25-4.1357, Florida Administrative Code.
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**5. Suggested Docket Mailing List (attach separate sheet if necessary)**

**A. Provide NAMES OR ACRONYMS ONLY if a regulated company.**

**B. Provide COMPLETE NAME AND ADDRESS for all others. (Match representatives to companies.)**

**1. Parties and their representatives (if any):**

<b>Local Exchange Telephone Companies</b>	

**2. Interested persons and their representatives (if any):**


**6. Check one:**

**Documentation is attached.**  
 **Documentation will be provided with recommendation.**

DOCUMENT NUMBER-DATE  
 03851 APR 28 8  
 PSC-COMMISSION CLERK

1           **25-4.017 Uniform System of Accounts.**

2           (1) Each telecommunications company shall maintain its  
3 accounts and records in conformity with the Uniform System of  
4 Accounts for Telecommunications Companies (USOA) as prescribed by  
5 the Federal Communications Commission in Title 47, Code of  
6 Federal Regulations, Part 32 Class A, revised as of October 1,  
7 2002 ~~1994~~, and as modified below. Inquiries relating to  
8 interpretation of the USOA shall be submitted in writing to the  
9 Commission's Division of Economic Regulation.  
10

11           (2) Each company shall establish separate depreciation  
12 reserve subaccounts for each corresponding subaccount established  
13 in the USOA or by rules of this Commission.  
14

15           (3) A telecommunications company may use a different  
16 account numbering system but shall use the same account  
17 descriptions as prescribed in the USOA or by this Commission. If  
18 a different account numbering system is used, a cross reference  
19 of the company's system to the Commission's numbering system  
20 shall be shown in the company's chart of accounts.  
21

22           (4) Each company shall file, within 60 days of a final  
23 order involving accounting matters, a description of all  
24 resultant entries and adjustments to the accounting records.  
25

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

Law Implemented: 350.115, 364.17, F.S.

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

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

4 **25-4.0405 Telephone Directory Advertising Revenues.**

5  
6 (1) The provisions of this rule, in conjunction with the  
7 provisions of Section 364.037, Florida Statutes (2002) ~~(1995)~~,  
8 shall govern the ratemaking treatment for telephone directory  
9 advertising revenues and expenses of rate-of-return regulated  
10 local exchange telecommunication companies.

11  
12 (2) Adjustments under Section 364.037(1) for customer  
13 growth and Consumer Price Index shall be calculated in accordance  
14 with paragraph (2)(a), producing a Test Year Regulated Gross  
15 Profit. Except as provided in paragraph (2)(e), the Test Year  
16 Regulated Gross Profit shall be used to establish the test year  
17 gross profit from directory advertising in the local franchise  
18 area to be considered in setting rates for telecommunications  
19 service.  
20

21 (a) The Test Year Regulated Gross Profit is determined as  
22 follows: Test Year Regulated Gross Profit = 1982 Gross Profit  
23 Base x Customer Growth Factor x CPI factor.  
24

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

Average 1982 access lines.

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

$$\begin{aligned} \text{CPI Factor} &= \text{Annual average CPI-U for test year} \\ &96.5 \end{aligned}$$

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

- 9 1. Residential lines;
- 10 2. Business lines;
- 11 3. Centrex lines;
- 12 4. PBX trunks; or
- 13 5. Key system lines.

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

20 (f) Each local exchange company shall record its directory  
21 advertising revenues in revenue account 5230 (Directory Revenues)  
22 and shall record its directory advertising expenses in expense  
23 account 6622 (Number Services). Only those expenses formerly  
24 recorded in expense account 649 (Directory Expense) shall be  
25

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1 recorded in expense subaccount 6622.1. The actual test year  
2 gross profit from telephone directory advertising shall be  
3 determined by subtracting the amount recorded in expense  
4 subaccount 6622.1 from the amount recorded in revenue account  
5 5230, with such adjustments as the Commission deems appropriate.  
6

7 (g) Directory advertising revenues, as used in this rule,  
8 shall include revenue from both yellow page advertising,  
9 including national advertising, and any boldface or other  
10 highlighted white page listings for directories within the  
11 franchised area of the exchange telephone company. Directory  
12 advertising expenses, as used in this rule, shall include  
13 expenses incurred in furnishing directories.  
14

15 (3) The dollar amount of the 1982 Gross Profit Base for  
16 each local exchange telephone company is established pursuant to  
17 Section 364.037(3) as follows:  
18

<u>Local Exchange Company</u>	<u>1982 Gross Profit Base</u>
<del>ALLTEL Florida, Inc.</del>	<del>\$299,380</del>
<del>Florala 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>

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1	<del>Quincy Telephone Company</del>	<del>\$68,580</del>
2	<del>St. Joseph Telephone and Telegraph</del>	
3	<del>Company</del>	
4		<del>\$148,538</del>
5	<del>Southern Bell Telephone &amp; Telegraph</del>	
6	<del>Company-Florida</del>	<del>\$102,215,043</del>
7	<del>Frontier Telephone Company</del>	<del>\$8,830</del>
8	<del>Vista-United Telecommunications</del>	<del>\$161,840</del>
9		

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

12	<u>Local Exchange Company</u>	<u>1982 Average Access Lines</u>
13	<del>ALLTEL Florida, Inc.</del>	<del>36,435</del>
14	<del>Floralta Telephone Company, Inc.</del>	<del>1,417</del>
15	<del>Gulf Telephone Company</del>	<del>5,934</del>
16	<del>Indiantown Telephone System, Inc.</del>	<del>1,501</del>
17	<del>Northeast Florida Telephone</del>	
18	<del>Company, Inc.</del>	<del>3,874</del>
19	<del>Quincy Telephone Company</del>	<del>7,089</del>
20	<del>St. Joseph Telephone and Tele-</del>	
21	<del>graph Company</del>	<del>16,229</del>
22	<del>Southern Bell Telephone &amp; Tele-</del>	
23	<del>graph Company - Florida</del>	
24	<del>Frontier Telephone Company</del>	<del>2,993,084</del>
25		

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1 ~~Vista-United Telecommunications~~

2,279

3 ~~1,706~~

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

5 Law Implemented: 364.037, F.S.

6 History: New 4/21/86, formerly 25-4.405, Amended 4/25/88,  
7 3/10/96, \_\_\_\_\_.

8  
9 **25-4.135 Annual Reports.**

10 (1) Each rate-of-return regulated local exchange telephone  
11 company shall file annual reports with the Commission on  
12 Commission Form PSC/ECR 018-T ( / ) ~~(3/96)~~ which is incorporated  
13 by reference into this rule. Form PSC/ECR 018-T, entitled  
14 "Annual Report of Local Exchange Telephone Companies", may be  
15 obtained from the Commission's Division of Economic Regulation.  
16 These reports shall be verified by a responsible accounting  
17 officer of the company making the report and shall be due on or  
18 before April 30 for the preceding calendar year. A company may  
19 file a written request for an extension of time with the Division  
20 of Economic Regulation no later than April 30. One extension of  
21 31 days will be granted upon request. A request for Commission  
22 approval of a longer extension must be accompanied by a statement  
23 of good cause and shall specify the date by which the report will  
24 be filed.  
25

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

9       ~~(a) Schedule B-1 Balance Sheet,~~

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

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

12       ~~(3) (a) Each company shall file with the Commission an audit~~  
13 ~~report issued by an independent auditor commenting on the~~  
14 ~~company's compliance with its Cost Allocation Manual (CAM) or~~  
15 ~~written accounting procedures for nonregulated operations.~~

16       ~~Beginning January 1, 1996, the compliance audit shall be~~  
17 ~~performed no less than once every three years. The audit report~~  
18 ~~shall be filed with the annual report or within 30 days of filing~~  
19 ~~the annual report.~~

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

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

5  
6 Specific Authority: 350.127(2), F.S.

7 Law Implemented: 364.17, F.S.

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

9  
10 **25-4.1352 Earnings Surveillance Report.**

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

17  
18 ~~(2) The report shall be filed semiannually, by the 15th day~~  
19 ~~of the second month following the reported period.~~

20  
21 ~~(3) A company may file a written request for an extension~~  
22 ~~of time with the Division of Economic Regulation prior to the due~~  
23 ~~date of the report. One extension of 31 days shall be granted~~  
24 ~~upon request. A request for Commission approval of a longer~~  
25 ~~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.

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

2 History: New 11/18/82, formerly 25-4.245, Amended 8/21/90,  
3 formerly 25-4.0245, Amended 6/10/94, 3/10/96, Repealed .  
4

5 **25-4.1357 Annual Separations Cost Study**

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

12  
13 ~~(2) A company may file a written request for an extension~~  
14 ~~of time with the Division of Economic Regulation no later than~~  
15 ~~July 31. One extension of 31 days shall be granted upon request.~~  
16 ~~A request for Commission approval of a longer extension must be~~  
17 ~~accompanied by a statement of good cause and shall specify the~~  
18 ~~date by which the report shall be filed.~~

19  
20 Specific Authority: 350.127(2), F.S.

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

22 History: New 10/31/93, amended 3/10/96, Repealed .  
23  
24  
25