

ORIGINAL

STATE OF FLORIDA

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Public Service Commission

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COMMISSION  
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August 18, 2003

Hand Deliver

Mr. Carroll Webb  
Joint Administrative Procedures Committee  
Room 120 Holland Building  
Tallahassee, FL 32399-1300

Dear Mr. Webb:

RE: Docket No. 030405-TL - 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.

Dear Mr. Webb:

The Commission has approved the adoption of Rules 25-4.017, 25-4.0405, 25-4.135, and the repeal of Rules 25-4.1352, and 25-4.1357, without changes.

We plan to file the rules for adoption on August 26, 2003.

Sincerely,

Christiana T. Moore  
Senior Attorney

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ADTTELEPHONE.CTM  
Enclosure  
cc: Division of the Commission Clerk  
and Administrative Services

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

2           (1) Each rate-of-return regulated local exchange  
3 telecommunications company shall maintain its accounts and records  
4 in conformity with the Uniform System of Accounts for  
5 Telecommunications Companies (USOA) as prescribed by the Federal  
6 Communications Commission in Title 47, Code of Federal Regulations,  
7 Part 32 Class A, revised as of October 1, 2002 ~~1994~~, and as  
8 modified below. Inquiries relating to interpretation of the USOA  
9 shall be submitted in writing to the Commission's Division of  
10 Economic Regulation.  
11  
12

13           (2) Each company shall establish separate depreciation  
14 reserve subaccounts for each corresponding subaccount established  
15 in the USOA or by rules of this Commission.  
16

17           (3) A telecommunications company may use a different account  
18 numbering system but shall use the same account descriptions as  
19 prescribed in the USOA or by this Commission. If a different  
20 account numbering system is used, a cross reference of the  
21 company's system to the Commission's numbering system shall be  
22 shown in the company's chart of accounts.  
23

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

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~~struck through~~ type are deletions from existing law.

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

2 Law Implemented: 350.115, 364.17, F.S.

3 History: Revised 12/1/68, Amended 3/31/76, 8/21/79, 1/2/80,  
4 12/13/82, 12/13/83, 9/30/85, formerly 25-4.17, Amended 11/30/86,  
5 4/25/88, 2/10/92, 8/11/92, 3/10/96,\_\_\_\_\_.

7 **25-4.0405 Telephone Directory Advertising Revenues.**

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

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

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

(b) The Customer Growth Factor is determined as follows:

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1 Customer Growth Factor = Average test year access lines  
2 Average 1982 access lines.

3 (c) The CPI Factor reflects CPI adjustments made using the  
4 annual average Consumer Price Index - All Urban (CPI-U) as follows:  
5

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

7  
8 (d) An access line is any exchange line that provides  
9 residential or business service as follows:  
10

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

16  
17 (e) When the Test Year Regulated Gross Profit is less than  
18 two-thirds of the actual test year gross profit from directory  
19 advertising, two-thirds of the actual test year gross profit shall  
20 be used. When the Test Year Regulated Gross Profit is greater than  
21 the actual test year gross profit from directory advertising, the  
22 actual test year gross profit shall be used.  
23

24 (f) Each local exchange company shall record its directory  
25 advertising revenues in revenue account 5230 (Directory Revenues)  
and shall record its directory advertising expenses in expense

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1 account 6622 (Number Services). Only those expenses formerly  
 2 recorded in expense account 649 (Directory Expense) shall be  
 3 recorded in expense subaccount 6622.1. The actual test year gross  
 4 profit from telephone directory advertising shall be determined by  
 5 subtracting the amount recorded in expense subaccount 6622.1 from  
 6 the amount recorded in revenue account 5230, with such adjustments  
 7 as the Commission deems appropriate.  
 8

9 (g) Directory advertising revenues, as used in this rule,  
 10 shall include revenue from both yellow page advertising, including  
 11 national advertising, and any boldface or other highlighted white  
 12 page listings for directories within the franchised area of the  
 13 exchange telephone company. Directory advertising expenses, as  
 14 used in this rule, shall include expenses incurred in furnishing  
 15 directories.  
 16  
 17

18 (3) The dollar amount of the 1982 Gross Profit Base for each  
 19 local exchange telephone company is established pursuant to Section  
 20 364.037(3) as follows:  
 21

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

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1	<del>Northeast Florida Telephone Company,</del>	<del>\$20,676</del>
2	<del>Inc.</del>	<del>\$68,580</del>
3	<del>Quincy Telephone Company</del>	
4	<del>St. Joseph Telephone and Telegraph</del>	<del>\$148,538</del>
5	<del>Company</del>	
6	<del>Southern Bell Telephone &amp; Telegraph</del>	<del>\$102,215,043</del>
7	<del>Company-Florida</del>	<del>\$8,830</del>
8	<del>Frontier Telephone Company</del>	<del>\$161,840</del>
9	<del>Vista-United Telecommunications</del>	

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

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

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1 ~~graph Company~~ — Florida 2,993,084  
2 Frontier Telephone Company 2,279  
3  
4 ~~Vista-United Telecommunications~~ 1,706

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

6 Law Implemented: 364.037, F.S.

7 History: New 4/21/86, formerly 25-4.405, Amended 4/25/88, 3/10/96,  
8

9 \_\_\_\_\_.

10 **25-4.135 Annual Reports.**

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

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1 demonstration that the company has worked diligently to prepare the  
2 report and that the additional time period requested to complete  
3 and submit the report is both reasonable and necessary given the  
4 company's particular circumstances.

6 ~~(2) The company shall also file with the original and each~~  
7 ~~copy of the annual report form, or separately within 30 days, a~~  
8 ~~letter or report, signed by an independent certified public~~  
9 ~~accountant, attesting to the conformity in all material respects of~~  
10 ~~the following schedules and their applicable notes of Form PSC/ECR~~  
11 ~~18 with the Commission's applicable uniform system of accounts and~~  
12 ~~published accounting releases:~~

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

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

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

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

25 ~~(b) Each company shall file, along with the audit report, a~~

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1 ~~list of all incidents of non-compliance with the CAM or written~~  
2 ~~accounting procedures for nonregulated operations. This list shall~~  
3 ~~include all errors and irregularities detected by the independent~~  
4 ~~auditor during the audit, regardless of materiality.~~

5  
6 ~~(c) The expense of the audit shall be separately identified~~  
7 ~~and shall not be chargeable to expense for ratemaking purposes.~~  
8 ~~The Commission may, upon sufficient showing, modify or waive these~~  
9 ~~requirements.~~

10  
11 Specific Authority: 350.127(2), F.S.

12 Law Implemented: 364.17, F.S.

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

14 **25-4.1352 Earnings Surveillance Report.**

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

21  
22  
23 ~~(2) The report shall be filed semiannually, by the 15th day~~  
24 ~~of the second month following the reported period.~~

25 ~~(3) A company may file a written request for an extension of~~  
~~time with the Division of Economic Regulation prior to the due date~~

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1 ~~of the report. One extension of 31 days shall be granted upon~~  
2 ~~request. A request for Commission approval of a longer extension~~  
3 ~~must be accompanied by a statement of good cause and shall specify~~  
4 ~~the date by which the report shall be filed.~~

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

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

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

11 **25-4.1357 Annual Separations Cost Study**

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

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

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

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

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1 | History: New 10/31/93, amended 3/10/96, Repealed\_\_\_\_\_.

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