

State of Florida



Public Service Commission
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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION
CLERK

-M-E-M-O-R-A-N-D-U-M-

DATE: July 1, 2009

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Hewitt) *CH*
Division of Regulatory Compliance (Mailhot) *SM*
Office of the General Counsel (Miller) *CM SMC [initials]*

RE: Docket No. 090323-TP – Proposed repeal of telecommunications rate-of-return Rules 25-4.017, 25-4.0171, 25-4.0174, 25-4.0175, 25-4.0178, 25-4.0405, 25-4.135, 25-4.140, 25-4.141, 25-4.214, and 25-4.215, F.A.C.

AGENDA: 07/14/09 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Skop

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\090323.RCM.DOC

Case Background

The last rate-of-return regulated local exchange company elected to become price-cap regulated, effective January 1, 2009. Thus, there are no remaining rate-of-return regulated local exchange companies. On May 1, 2009, the Commission published a Notice of Rule Development in the Florida Administrative Weekly, indicating consideration of repeal of Rules 25-4.017, 25-4.0171, 25-4.0174, 25-4.0175, 25-4.0178, 25-4.0405, 25-4.135, 25-4.140, 25-4.141, 25-4.214, and 25-4.215, Florida Administrative Code, (F.A.C.) These rules (Attachment A) may be generally characterized as telecommunications rate-of-return rules. No comments or requests for workshop were received.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Docket No. 090323-TP
Date: July 1, 2009

This recommendation addresses whether the Commission should propose the repeal of the rules listed above. The Commission has jurisdiction pursuant to Section 120.54, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission propose the repeal of Rules 25-4.017, 25-4.0171, 25-4.0174, 25-4.0175, 25-4.0178, 25-4.0405, 25-4.135, 25-4.140, 25-4.141, 25-4.214, and 25-4.215?

Recommendation: Yes. The Commission should propose the repeal of the rules, as set forth in Attachment A. (Miller, Mailhot, Hewitt).

Staff Analysis: There are no longer any rate-of-return (ROR) regulated local exchange companies. Therefore, the following rules would apply to no one and should be repealed.

Rule 25-4.017 Uniform System of Accounts for Rate-of-Return Regulated Local Exchange Companies requires that ROR regulated ILECs follow certain accounting rules and procedures.

Rule 25-4.0171 Allowance for Funds Used During Construction requires that ROR regulated ILECs accrue AFUDC only with Commission approval.

Rule 25-4.0174 Depreciation Accounts for Rate-of-Return Regulated Local Exchange Companies prescribes plant depreciation accounts for ROR regulated ILECs.

Rule 25-4.0175 Depreciation for Rate-of-Return Regulated Local Exchange Companies prescribes depreciation rates and methods for ROR regulated ILECs.

Rule 25-4.0178 Retirement Units for Rate-of-Return Regulated Local Exchange Companies establishes uniform retirement units for ROR regulated ILECs.

Rule 25-4.0405 Telephone Directory Advertising Revenues prescribes the ratemaking treatment of directory advertising revenues for ROR regulated ILECs.

Rule 25-4.135 Annual Reports requires that a ROR regulated ILEC file an annual report concerning its financial activities during the year.

Rule 25-4.140 Test Year Notification requires that ROR regulated ILECs file notification at least 60 days prior to filing for a general rate increase with the Commission.

Rule 25-4.141 Minimum Filing Requirements for Rate-of-Return Regulated Local Exchange Companies; Commission Designee prescribes the financial, rate and operational data to be filed by a ROR regulated ILEC for a general rate increase.

Rule 25-4.214 Tariff Filings allows tariff changes by small ROR regulated ILECs to go into effect 30 days from filing.

Rule 25-4.215 Limited Scope Proceedings allows a small ROR regulated ILEC to request a change in rate relationships upon filing certain information.

Statement of Estimated Regulatory Costs (SERC)

The SERC is attached (Attachment B). It indicates there are no costs to repealing the rules. There would be some benefit from eliminating obsolete rules by decreasing the number of rules on the books.

Docket No. 090323-TP

Date: July 1, 2009

Issue 2: Should this docket be closed?

Recommendation: If no comments or requests for hearing are filed, the rule repeals as proposed by the Commission may be filed with the Department of State and the docket may then be closed. (Miller)

Staff Analysis: If no comments are received within 21 days after the proposed rules are published in the Florida Administrative Weekly, the rules as proposed by the Commission may be filed with the Department of State and the docket may be closed.

1 **25-4.017 Uniform System of Accounts for Rate-of-Return Regulated Local Exchange**
2 **Companies.**

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

9 ~~(2) Each company shall establish separate depreciation reserve subaccounts for each~~
10 ~~corresponding subaccount established in the USOA or by rules of this Commission.~~

11 ~~(3) A telecommunications company may use a different account numbering system but shall use~~
12 ~~the same account descriptions as prescribed in the USOA or by this Commission. If a different~~
13 ~~account numbering system is used, a cross reference of the company's system to the~~
14 ~~Commission's numbering system shall be shown in the company's chart of accounts.~~

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

17 Specific Authority 350.127(2) FS. Law Implemented 350.115, 364.17 FS. History—Revised 12-1-
18 68, Amended 3-31-76, 8-21-79, 1-2-80, 12-13-82, 12-13-83, 9-30-85, Formerly 25-4.17,
19 Amended 11-30-86, 4-25-88, 2-10-92, 8-11-92, 3-10-96, 9-15-03.

20 **25-4.0171 Allowance for Funds Used During Construction.**

21 ~~No rate of return regulated local exchange telecommunications company shall accrue allowance~~
22 ~~for funds used during construction, also known as Interest During Construction, without prior~~
23 ~~Commission approval.~~

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

1 Specific Authority 350.127(2) FS. Law Implemented 350.115, 364.035, 364.17 FS. History—New
2 8-11-86, Formerly 25-4.171, Amended 11-13-86, 12-7-87, 3-10-96.

3 **25-4.0174 Depreciation Accounts for Rate-of-Return Regulated Local Exchange**
4 **Companies.**

5 ~~(1) Depreciation rates are to be designed in accordance with the Uniform System and~~
6 ~~Classification of Accounts (USOA) and this rule. The primary accounts listed below are identical~~
7 ~~to those prescribed in the USOA. New accounts and subaccounts, as listed below, are established~~
8 ~~under these accounts. They are intended to group together items which are relatively~~
9 ~~homogeneous in their expected life and salvage characteristics, and are for the purpose of~~
10 ~~establishing uniformity among the companies in depreciation studies.~~

11 ~~(2) A company may further develop depreciation subaccounts within a listed account as~~
12 ~~appropriate for its plant. No company shall, however, establish a new subaccount that would~~
13 ~~represent less than ten percent of the original primary account.~~

14 ~~(3) Notwithstanding subsection (2), a new subaccount must be established for the introduction of~~
15 ~~a new technology, or for the treatment of an obsolescent component of a current viable~~
16 ~~technology.~~

17 ~~(4) Depreciation reserve, plant activity data, salvage cost, and costs of removal, respectively,~~
18 ~~shall be maintained for each depreciation category for which a depreciation rate is to be~~
19 ~~developed. This shall be done on the books of the company.~~

20 ~~(5) The following accounts and subaccounts, where applicable, shall be used in the design of~~
21 ~~depreciation rates.~~

22 ~~(a) Support assets, Account 2110. The following accounts shall be used:~~

23 ~~1. Motor vehicles, Account 2112. The following subaccounts shall be used,~~

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25 existing law.

1 ~~a. Passenger cars and light trucks. This account shall include passenger cars and trucks of one ton~~
2 ~~in capacity or less.~~

3 ~~b. Heavy trucks and special purpose vehicles. This subaccount shall include trucks of greater~~
4 ~~than one ton capacity.~~

5 ~~c. Tractors and trailers.~~

6 ~~2. Garage work equipment, Account 2115. This account shall include tools and equipment used~~
7 ~~to maintain vehicles.~~

8 ~~3. Other work equipment, Account 2116. This account shall include power operated equipment,~~
9 ~~general purpose tools, and other such work equipment items.~~

10 ~~4. Buildings, Account 2121.~~

11 ~~5. Furniture, Account 2122.~~

12 ~~6. Office equipment, Account 2123. The following subaccounts shall be used:~~

13 ~~a. Office support equipment. This subaccount shall include office devices such as typewriters,~~
14 ~~cash registers, check writers, calculating, reproducing, addressing, billing, blueprinting, and~~
15 ~~other office machines.~~

16 ~~b. Company communications equipment. This subaccount shall include CPE and PBX~~
17 ~~equipment installed for official company use.~~

18 ~~7. General purpose computers, Account 2124.~~

19 ~~(b) Central office switching, Account 2211. The following accounts shall be used:~~

20 ~~1. Analog electronic switching, Account 2211. This account shall be established for analog~~
21 ~~switching equipment and peripheral gear. It shall include equipment serving analog switchers~~
22 ~~that is used solely for recording calling telephone numbers in connection with customer dialed~~
23 ~~charged traffic dial tandem switchboards and special service switchboards used in conjunction~~

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1 ~~with private line service. It shall not include switchboards, and integral equipment thereof, which~~
2 ~~perform an operator assistance function.~~

3 ~~2. Digital electronic switching, Account 2212. This account includes investments in digital~~
4 ~~switches. This switching account shall include equipment serving digital electronic switchers that~~
5 ~~is used solely for the recording of calling telephone numbers in connection with customer dialed~~
6 ~~charged traffic dial tandem switchboards and special service switchboards used in conjunction~~
7 ~~with private line service. It shall not include switchboards, and integral equipment thereof, which~~
8 ~~perform an operator assistance function. Major components such as hardware, processors, and~~
9 ~~cards that are expected to live substantially different from the remaining switch investment~~
10 ~~should be considered as subcomponents in developing the rate for the account.~~

11 ~~3. Electromechanical switching, Account 2215. This switching account includes investments in~~
12 ~~step by step or crossbar switchers. It does not include digital compatible equipment that is~~
13 ~~expected to live beyond the calculated life of electromechanical switching. Such investment shall~~
14 ~~be in a separate subaccount or included as a subcomponent used to develop the rate for the~~
15 ~~account or subaccount. This account also does not include switchboards which perform an~~
16 ~~operator assistance function and equipment which is an integral part thereof. It shall include,~~
17 ~~however, equipment serving electromechanical switchers that is used solely for the recording of~~
18 ~~calling telephone numbers in connection with customer dialed charged traffic dial tandem~~
19 ~~switchboards and special service switchboards used in conjunction with private line service.~~

20 ~~(e) Operator systems, Account 2220. This account shall include such charges as directory~~
21 ~~assistance, call intercept, and other operator assisted call completion activities.~~

22 ~~(d) Central office transmission, Account 2230. The following accounts shall be used:~~

23 ~~1. Radio systems, Account 2231.~~

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25 existing law.

1 ~~2. Circuit equipment, Account 2232. This investment shall be subcategorized in accord with the~~
2 ~~planning of the company, to be separated between the following:~~

3 ~~a. Analog;~~

4 ~~b. Digital; and~~

5 ~~c. That portion associated with optic technology.~~

6 ~~(e) Information organization or termination, Account 2310. The following accounts shall be~~
7 ~~used:~~

8 ~~1. Public telephone equipment. This account shall include coinless, coin-operated (including~~
9 ~~public and semi public), credit card, and pay telephones.~~

10 ~~2. Other regulated station equipment. This account shall include private line equipment,~~
11 ~~telecommunication devices for the deaf, E-911 equipment, and network carrier equipment~~
12 ~~physically located on the customer's premises.~~

13 ~~(f) Cable and wire facilities, Account 2410. The following accounts shall be used:~~

14 ~~1. Poles, Account 2411.~~

15 ~~2. Aerial cable, Account 2421. The following subaccounts shall be used:~~

16 ~~a. Metallic. This investment shall be further subcategorized in accord with company planning;~~

17 ~~and~~

18 ~~b. Fiber.~~

19 ~~3. Underground cable, Account 2422. The following subaccounts shall be used:~~

20 ~~a. Metallic. This investment shall be further subcategorized in accord with company planning;~~

21 ~~and~~

22 ~~b. Fiber.~~

23 ~~4. Buried cable, Account 2423. The following subaccounts shall be used:~~

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25 existing law.

1 ~~a. Metallic. This subaccount shall be further subcategorized in accord with company planning;~~

2 and

3 ~~b. Fiber.~~

4 ~~5. Submarine cable, Account 2424. The following subaccount shall be used:~~

5 ~~a. Metallic. This investment shall be further subcategorized in accord with company planning;~~

6 and

7 ~~b. Fiber.~~

8 ~~6. Intrabuilding network cable, Account 2426. The following subaccounts shall be used:~~

9 ~~a. Metallic. This investment shall be further subcategorized in accord with company planning;~~

10 and

11 ~~b. Fiber.~~

12 ~~7. Aerial wire, Account 2431.~~

13 ~~8. Conduit systems, Account 2441.~~

14 ~~(6) Depreciation rates used after July 1, 1996, shall be based on the account classifications in the~~

15 ~~USOA and this rule. In implementing these rates the following procedures shall be followed:~~

16 ~~(a) Reserve activity data, plant activity data, salvage costs, and costs of removal are to be~~
17 ~~recorded to the new accounts for activity subsequent to July 1, 1996.~~

18 ~~(b) The separation of investments and reserves under prior accounts into balances relating to new~~
19 ~~accounts and subaccounts under this rule may require estimation. Where vintaged distributions~~
20 ~~are maintained, separation into accounts and subaccounts may require synthesization.~~

21 ~~(c) If an existing account, in the opinion of the Commission, is essentially compatible with an~~
22 ~~account listed in this rule, that account shall be deemed to be in compliance with this rule.~~

23 Specific Authority 350.127(2) FS. Law Implemented 350.115, 364.17 FS. History—New 4-25-88,

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25 existing law.

1 Amended 9-11-96.

2 **25-4.0175 Depreciation for Rate-of-Return Regulated Local Exchange Companies.**

3 ~~(1) For the purposes of Part II, the following definitions shall apply to small local exchange~~
4 ~~companies remaining under rate of return regulation:~~

5 ~~(a) Category or Category of Depreciable Plant—A grouping of plant for which a depreciation~~
6 ~~rate is prescribed. At a minimum it should include each plant account prescribed in Rule 25-~~
7 ~~4.017, F.A.C.~~

8 ~~(b) Average Service Life—The period of time that the given type of equipment, on average, can~~
9 ~~be expected to prudently and economically serve the public.~~

10 ~~(c) Embedded Vintage—A vintage of plant in service as of the date of study or implementation~~
11 ~~of proposed rates.~~

12 ~~(d) Mortality Data—Historical data by study category showing plant balances, additions,~~
13 ~~adjustments and retirements, used in analyses for life indications or for calculations of realized~~
14 ~~life. Preferably, this is aged data in accord with the following:~~

15 ~~1. The number of plant items or equivalent units (usually expressed in dollars) added each~~
16 ~~calendar year.~~

17 ~~2. The number of plant items retired (usually expressed in dollars) each year and the distribution~~
18 ~~by years of placing of such retirements.~~

19 ~~3. The net increase or decrease resulting from purchases, sales, or adjustments, and the~~
20 ~~distribution by years of placing of such amounts.~~

21 ~~4. The number that remains in service (usually expressed in dollars) at the end of each year and~~
22 ~~the distribution by years of placing of such amounts.~~

23 ~~(e) Remaining Life Method—The method of calculating a depreciation rate based on the~~

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25 existing law.

1 ~~unrecovered plant balance, less average future net salvage and the average remaining life. The~~
2 ~~formula for calculating a Remaining Life Rate (RLR) is:~~

3
4
$$\text{RLR} = 100\% - \text{Reserve \%} - \frac{\text{Average Future Net Salvage \%}}{\text{Average Remaining Life in Years}}$$

5
6 ~~Average Remaining Life in Years~~

7 ~~(f) Reserve Data—Historical data by study category showing reserve balances, debits and credits~~
8 ~~such as booked depreciation expense, salvage and cost of removal, and adjustments to the~~
9 ~~reserve utilized in monitoring reserve activity and position.~~

10 ~~(g) Reserve Deficiency—An inadequacy in the reserve of a category as evidenced by a~~
11 ~~comparison of that reserve indicated as necessary under current projections of life and salvage~~
12 ~~with that reserve historically accrued. The latter figure may be available from the company's~~
13 ~~records or may require retrospective calculation.~~

14 ~~(h) Reserve Surplus—An excess in the reserve of a category as evidenced by a comparison of~~
15 ~~that reserve indicated as necessary under current projections of life and salvage with that reserve~~
16 ~~historically accrued. The latter figure may be available from the company's records or may~~
17 ~~require retrospective calculation.~~

18 ~~(i) Salvage Data—Historical data by study category showing bookings of retirements, gross~~
19 ~~salvage and cost of removal used in analysis of trends in gross salvage and cost of removal, or~~
20 ~~for calculations of realized salvage.~~

21 ~~(j) Theoretical Reserve or Prospective Theoretical Reserve—A calculated reserve based on~~
22 ~~components of the proposed rate, using the formula:~~

23
$$\text{Theoretical Reserve} = \text{Book Investment} - \text{Future Accruals} - \text{Future Net Salvage}$$

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25 existing law.

1 ~~(k) Vintage~~—The year of placement of a group of plant items or investment under study.

2 ~~(l) Whole Life Method~~—The method of calculating a depreciation rate based on the Whole Life
 3 ~~(Average Service Life)~~ and the Average Net Salvage. Both life and salvage components are the
 4 estimated or calculated composite of realized experience and expected activity. The formula is:

$$\begin{aligned}
 & \text{100\% — Average Net Salvage \%} \\
 \text{Whole Life} &= \frac{\hspace{10em}}{\hspace{10em}} \\
 \text{Rate} & \\
 & \text{Average Service Life in Years}
 \end{aligned}$$

9 ~~(2)(a) Ranges for basic life and salvage values, established by the Commission, may be used by~~
 10 ~~small LECs regardless of the depreciation methodology utilized. The ranges for basic life and~~
 11 ~~salvage values for small LECs are as follows:~~

12 ~~Ranges of Basic Life and Salvage Values for Small Local Exchange Companies~~

ACCOUNT	AVERAGE	NET SALVAGE
	SERVICE LIFE	
GENERAL SUPPORT ASSETS	(Years)	(Percent)
Motor vehicle		
Passenger cars & light trucks	6-8	10-20
Heavy trucks & special purpose	8-11	5-10
vehicles		
Buildings	32-36	0-5

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 25 existing law.

1	Other work equipment	7-yr. Amortization	
2	Furniture	10-yr.	
3		Amortization	
4	Office machines	7-yr. Amortization	
5	Office equipment (official use)	5-yr. Amortization	
6	Computer equipment	5-yr. Amortization	
7	CENTRAL OFFICE ASSETS		
8	Digital switching	13-16	0-5
9	Operator systems	8-10	0-5
10	Radio	10-12	(5)-0
11	Circuit		
12	Analog	8-10	(5)-0
13	Digital	10-12	0-5
14	Fiber electronics (optics)	8-10	0-5
15	INFORMATION/ORIGINATION		
16	ASSETS		
17	Public telephone equipment	8-10	0-5
18	Other	8-10	0-5
19	CABLE/WIRE FACILITIES		
20	Poles	20-22	(60)-(40)
21	Aerial cable		
22	Metallie	18-20	(30)-(20)
23	Fiber	20-22	(30)-(20)

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~~Underground cable~~

~~Metallie~~ 19-21 (10)-(5)

~~Fiber~~ 20-22 (10)-(5)

~~Buried cable~~

~~Metallie~~ 17-19 (5)-0

~~Fiber~~ 20-22 (5)-0

~~Submarine cable~~

~~Metallie~~ 20-25 (5)-0

~~Fiber~~ 20-22 (5)-0

~~Underground conduit~~ 50-52 (5)-0

~~Aerial wire—Expense all future additions and amortize embedded portion over 3 years.~~

~~(b) A company shall not petition the Commission to change any existing depreciation rate more than once a year.~~

~~(c) A company may not reallocate accumulated depreciation reserves among any primary accounts and subaccounts without prior Commission approval.~~

~~(3)(a) Each company shall maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts as prescribed by Rule 25-4.0174, F.A.C., and as set forth in paragraph~~

~~(2)(a) of this rule. Companies may maintain further sub-categorization.~~

~~(b) Upon establishing a new account or subaccount classification, each company shall request Commission approval of a depreciation rate for the new plant category.~~

~~(c) A company's current average service life is that which has been approved by the Commission and in effect as of the effective date of this rule. To determine if a company's current average service life is within an established range, current average service lives not reflected as a whole~~

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1 ~~number shall be rounded using traditional rounding methodology. (For example, 1.1-1.4 rounds~~
2 ~~to 1.0; 1.5-1.9 rounds to 2.0.)~~

3 ~~(4) If the company's proposed and current average service lives for a given account are within~~
4 ~~the ranges established in paragraph (2)(a), no additional support for those values shall be~~
5 ~~required. If the company's proposed and current net salvage values for a given account are~~
6 ~~within the ranges established in paragraph (2)(a), no additional support for those values shall be~~
7 ~~required. The company shall submit to the Office of Commission Clerk the original, five hard~~
8 ~~copies, and a diskette of the information required by subsection (8) of this rule.~~

9 ~~(5) A company proposing basic life or salvage values outside of the ranges established in~~
10 ~~paragraph (2)(a) of this rule shall submit to the Office of Commission Clerk the original and five~~
11 ~~hard copies, and a diskette of the information required by subsection (10) of this rule.~~

12 ~~(6) After filing a petition for a change in depreciation rates, the company may reflect on its books~~
13 ~~and records the preliminary implementation of the proposed rates as of the proposed effective~~
14 ~~date. These rates are subject to Commission approval.~~

15 ~~(7) Any party protesting a Commission approved depreciation life or salvage value, shall carry~~
16 ~~the burden of proof in demonstrating that each protested value is unsupported by the operations~~
17 ~~and planning of each company.~~

18 ~~(8) A depreciation filing shall include:~~

19 ~~(a) A comparison of current and proposed depreciation rates and components for each category~~
20 ~~of depreciable plant. Current rates shall be identified as to the effective date and proposed rates~~
21 ~~as to the proposed effective date.~~

22 ~~(b) A comparison of annual depreciation expense, as of the proposed effective date, resulting~~
23 ~~from current rates with the expense produced by the proposed rates for each category of~~

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1 ~~depreciable plant. The plant balances may involve estimates. Submitted data including plant and~~
2 ~~reserve balances or company planning involving estimates shall be brought to the effective date~~
3 ~~of the proposed rates.~~

4 ~~(e) Each recovery and amortization schedule currently in effect should be included with any new~~
5 ~~filing showing total amount amortized, effective date, length of schedule, annual amount~~
6 ~~amortized, and reason for the schedule.~~

7 ~~(d) A general narrative describing the service environment of the applicant company and the~~
8 ~~factors, e.g., growth, technology, and physical conditions necessitating a revision in rates.~~

9 ~~(9) If a company's current average service life or salvage value for any given category of~~
10 ~~depreciable plant is not within the established range, the company must file the information in~~
11 ~~subsection (10) to justify its move into the range.~~

12 ~~(10) For each account that the Company proposed life or salvage value is not within the~~
13 ~~established range, the depreciation filing shall include the information in subsection (8) as well~~
14 ~~as the following:~~

15 ~~(a) An explanation and justification for each study category of depreciable plant defining the~~
16 ~~specific factors that justify the life or salvage components and rates being proposed. Each~~
17 ~~explanation and justification shall include substantiating factors utilized by the company in the~~
18 ~~design of the depreciation rates for the specific category, e.g., company planning, growth,~~
19 ~~technology, physical conditions, and trends. The explanation and justification shall state any~~
20 ~~statistical or mathematical methods of analysis or calculation used in the design of the category~~
21 ~~rate.~~

22 ~~(b) The mortality and salvage data used by the company in the depreciation rate design must~~
23 ~~agree with activity booked by the utility. Unusual transactions not included in life or salvage~~

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1 ~~studies, e.g., sales or extraordinary retirements must be specifically enumerated and explained.~~

2 ~~(e) The filing shall contain all calculations, analysis and numerical basic data used in the design~~
3 ~~of the depreciation rate for each category of depreciable plant. To the degree possible, data~~
4 ~~involving retirements should be aged.~~

5 ~~(11)(a) Companies shall provide calculations of depreciation rates using either the whole life~~
6 ~~method or the remaining life method. The use of one of these methods is required for all~~
7 ~~depreciable categories.~~

8 ~~(b) Companies shall file an election to remain with the remaining life methodology or move to~~
9 ~~whole life methodology within 90 days of the effective date of this rule. Failure to file an~~
10 ~~election shall result in the company's use of remaining life methodology. Only one election~~
11 ~~regarding depreciation methodology will be permitted.~~

12 ~~(12) When a company elects whole life methodology, no recovery of reserve imbalances will be~~
13 ~~considered for depreciation purposes. This methodology is not reserve sensitive.~~

14 ~~(13) When a company elects remaining life methodology, the following apply:~~

15 ~~(a) A company requiring the Commission staff's assistance in determining a remaining life based~~
16 ~~on its average service life selection, shall notify the Director of the Division of Economic~~
17 ~~Regulation, by letter, three months prior to the company's filing date.~~

18 ~~(b) The possibility of corrective reserve transfers shall be investigated by the Commission prior~~
19 ~~to changing depreciation rates.~~

20 ~~(c) It shall be a rebuttable presumption that in determining the average remaining life, the~~
21 ~~mortality curve shapes shall be those used by the Commission the last time it prescribed rates.~~

22 ~~(14)(a) A company proposing an effective date of the beginning of its fiscal year shall submit its~~
23 ~~petition for a change in depreciation rates no later than the mid-point of that fiscal year.~~

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

1 ~~(b) A company proposing an effective date coinciding with the expected date of additional~~
2 ~~revenues initiated through a rate case proceeding shall submit its petition for a change in~~
3 ~~depreciation rates no later than the filing date of its Minimum Filing Requirements.~~

4 ~~(15) Included as part of the annual report filed pursuant to Rule 25-4.135, F.A.C., each company~~
5 ~~shall provide Schedule B-3, Analysis of Plant In Service, and Schedule B-4, Analysis of~~
6 ~~Accumulated Depreciation. Schedule B-3 shall include booked plant activity (plant balance at~~
7 ~~the beginning of the year, additions, adjustments, transfers, reclassifications, retirements, and~~
8 ~~plant balance at year end). Schedule B-4 shall include reserve activity (reserve balance at the~~
9 ~~beginning of the year, retirements, accruals, salvage, cost of removal, adjustments, transfers,~~
10 ~~reclassifications, and reserve balance at year end) for each category of investment for which a~~
11 ~~depreciation rate, amortization schedule, or capital recovery schedule has been approved.~~

12 ~~(16)(a) Prior to the date of retirement, the Commission may approve capital recovery schedules~~
13 ~~to correct calculated deficiencies where a utility demonstrates that replacement of an installation~~
14 ~~or group of installations is prudent, and the associated investment will not be recovered by the~~
15 ~~time of retirement through the existing depreciation rate.~~

16 ~~(b) The Commission may approve a special capital recovery schedule when an installation is~~
17 ~~designed for a specific purpose or for a limited duration.~~

18 ~~(c) Associated plant and reserve activity, balances, and the annual capital recovery schedule~~
19 ~~expense must be maintained as subsidiary records.~~

20 Specific Authority 350.127(2) FS. Law Implemented 350.115, 364.03 FS. History—New 9-8-81,
21 Amended 4-28-83, 1-6-85, Formerly 25-4.175, Amended 4-27-88, 12-12-91, 9-11-96.

22 **25-4.0178 Retirement Units for Rate-of-Return Regulated Local Exchange Companies.**

23 ~~(1) This rule is intended to establish uniform retirement units for telephone companies and does~~

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25 existing law.

1 ~~not relieve any company from maintaining its accounts and records in conformity with the~~
2 ~~Uniform System and Classification of Accounts (USOA) as prescribed by the Federal~~
3 ~~Communications Commission (FCC) in Title 47, Code of Federal Regulations, Part 32, as~~
4 ~~adopted on December 2, 1986 and revised as of December 1, 1987, except to the extent that this~~
5 ~~rule requires different treatment as stated below.~~

6 (2) For the purposes of this rule the following definitions apply:

7 (a) ~~“Book Cost” means the amount at which a retirement unit is included in a telephone plant~~
8 ~~account, including the costs of all labor and installation. This cost is to be determined from the~~
9 ~~company’s records, but if it cannot be, it is to be estimated.~~

10 (b) ~~“Cost or in plant cost” means original purchase price plus all labor and installation costs.~~

11 (c) ~~“Cost of Removal” means the cost of demolishing, dismantling, removing, tearing down or~~
12 ~~otherwise disposing of a retirement unit, including the cost of transportation and handling.~~

13 (d) ~~“Cradle To Grave Accounting” means an accounting method which treats a unit of plant as~~
14 ~~being in service from the time it is first purchased until it is finally junked or is otherwise finally~~
15 ~~disposed. Periods of in shop for refurbishing or in stock/inventory awaiting reinstallation are~~
16 ~~treated as being in service.~~

17 (e) ~~“Gross Salvage” means the amount received from selling or trading in a retirement unit; or, if~~
18 ~~retained for reuse, the original, or estimated if not known, material cost of the unit.~~

19 (f) ~~“Item” means a single identifiable unit of plant. Where a dollar threshold is imposed, that~~
20 ~~threshold applies to the single item and not to the total of a group of such items purchased in one~~
21 ~~order.~~

22 (g) ~~“Minor Item” means any part or element of plant which is not designated as a retirement unit,~~
23 ~~but may be a component of or adjunct to a retirement unit.~~

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25 existing law.

1 ~~(h) "Plant Retired" means a retirement unit not subject to cradle to grave accounting, or an~~
2 ~~unreplaced minor item which has been removed, sold, abandoned, destroyed or otherwise~~
3 ~~removed from service.~~

4 ~~(i) "Retirement Unit" means an item of telephone plant designated as a retirement unit which~~
5 ~~when placed in service is to be capitalized if the cost of the unit meets the criteria in the "List of~~
6 ~~Retirement Units", and when removed from service, without a replacement or with a~~
7 ~~replacement that meets the criteria in the "List of Retirement Units", is to be credited to the plant~~
8 ~~account in which it is included and debited to the associated account reserve.~~

9 ~~(3) All depreciable plant is considered as consisting of retirement units or minor items of plant.~~
10 ~~Each company is to use this list of retirement units on a prospective basis. A company may add~~
11 ~~retirement units to this list. In the case of such addition, the company shall notify the Director of~~
12 ~~the Division of Economic Regulation within thirty days as to the nature and justification of the~~
13 ~~addition. However, the combination of any retirement units or the increase in size of any unit~~
14 ~~will not be permitted without Commission prior approval. Additions to or revisions to this list~~
15 ~~will be issued, when necessary, by this Commission.~~

16 ~~(4) The addition and retirement of retirement units are to be accounted for as follows:~~

17 ~~(a) When a retirement unit other than one designated for Company Communications Equipment,~~
18 ~~Account 2132.2, or Public Telephone Equipment, Account 2351, is placed in service for the first~~
19 ~~time at a location, the cost of the unit, if it meets the criteria in the "Lists of Retirement Units",~~
20 ~~should be added to the appropriate plant account along with associated labor and installation~~
21 ~~costs.~~

22 ~~(b) When a retirement unit for Company Communications Equipment, Account 2123.2, or Public~~
23 ~~Telephone Equipment, Account 2351, is placed in service for the first time at a location, only the~~

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1 ~~materials cost of the unit, if it meets the criteria in the “List of Retirement Units”, shall be added~~
2 ~~to the appropriate plant account. Associated labor and minor materials costs of installing such~~
3 ~~equipment shall be charged to the appropriate expense account.~~

4 ~~(c) When a retirement unit is replaced, the cost of the replacement should be accounted for in the~~
5 ~~same manner as in subsection (a) if the cost meets the criteria set forth in the “List of Retirement~~
6 ~~Units” referred to in subsection (6). Otherwise, the charge should be made to the appropriate~~
7 ~~expense account.~~

8 ~~(d) When a retirement unit is retired, with a replacement that meets the criteria in the “List of~~
9 ~~Retirement Units” referred to in subsection (6), or is retired without replacement, the book cost~~
10 ~~of the retiring unit is to be credited to the plant account in which it is included and likewise~~
11 ~~debited to the associated account reserve. Any cost of removal and gross salvage associated with~~
12 ~~the retirement should be debited and credited, respectively, to the account reserve. Cost of the~~
13 ~~retiring unit, removal and gross salvage are to be recorded within one month of the retirement~~
14 ~~date. Such costs may be estimated with corrective adjustment entries made when the transactions~~
15 ~~are finalized.~~

16 ~~(5) The addition and retirement of minor items of depreciable property other than Company~~
17 ~~Communications Equipment, Account 2123.2, and Public Telephone Equipment Account 2351,~~
18 ~~are to be accounted for as follows:~~

19 ~~(a) When a minor item which did not previously exist as a part of a retirement unit at a given~~
20 ~~location is added, the cost is to be accounted for in the same manner as the addition of a~~
21 ~~retirement unit.~~

22 ~~(b) When a minor item is retired and not replaced, the book cost along with any associated cost~~
23 ~~of removal and gross salvage is to be accounted for in the same manner as the retirement of a~~

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1 retirement unit. If, however, the book cost of such a minor item has been accounted for by its
2 inclusion in the retirement unit of which it is a part, no separate credit to the property account or
3 debit to the associated account reserve is to be made.

4 (e) When a minor item is replaced independently of the retirement unit of which it is a part, the
5 cost of replacement is to be charged to the appropriate maintenance account for that item. If,
6 however, the replacement causes a substantial betterment, the primary aim of which is to make
7 the property affected more useful, more efficient, of greater durability, or of greater capacity, the
8 excess cost of the replacement over the estimated cost at current prices of the replacement
9 without betterment should be charged to the appropriate plant account.

10 (6) The Florida Public Service Commission document "List of Retirement Units (Telephone
11 Utilities)" dated January 1, 1988, is hereby incorporated by reference. A copy of this document
12 may be obtained from the Director, Division of Economic Regulation, Florida Public Service
13 Commission.

14 (7) The capitalization and expensing of depreciable plant for 1988 and subsequent years shall be
15 governed by this rule.

16 Specific Authority 350.127(2) FS. Law Implemented 350.115, 364.17 FS. History—New 4-25-88.
17 **25-4.0405 Telephone Directory Advertising Revenues.**

18 (1) The provisions of this rule, in conjunction with the provisions of Section 364.037, F.S.
19 (2002), shall govern the ratemaking treatment for telephone directory advertising revenues and
20 expenses of rate of return regulated local exchange telecommunication companies.

21 (2) Adjustments under Section 364.037(1), F.S. (2002), for customer growth and Consumer Price
22 Index shall be calculated in accordance with paragraph (2)(a), producing a Test Year Regulated
23 Gross Profit. Except as provided in paragraph (2)(e), the Test Year Regulated Gross Profit shall

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25 existing law.

1 ~~be used to establish the test year gross profit from directory advertising in the local franchise area~~
2 ~~to be considered in setting rates for telecommunications service.~~

3 (a) ~~The Test Year Regulated Gross Profit is determined as follows:~~

4 ~~Test Year Regulated Gross Profit = 1982 Gross Profit Base × Customer Growth Factor × CPI~~
5 ~~factor.~~

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

7
$$\text{Customer Growth Factor} = \frac{\text{Average test year access lines}}{\text{Average 1982 access lines.}}$$

11 (c) ~~The CPI Factor reflects CPI adjustments made using the annual average Consumer Price~~
12 ~~Index—All Urban (CPI U) as follows:~~

13
$$\text{CPI Factor} = \frac{\text{Annual average CPI U for test year}}{96.5}$$

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

- 18 ~~1. Residential lines;~~
19 ~~2. Business lines;~~
20 ~~3. Centrex lines;~~
21 ~~4. PBX trunks; or~~
22 ~~5. Key system lines.~~

23 (e) ~~When the Test Year Regulated Gross Profit is less than two thirds of the actual test year gross~~

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25 existing law.

1 ~~profit from directory advertising, two thirds of the actual test year gross profit shall be used.~~

2 ~~When the Test Year Regulated Gross Profit is greater than the actual test year gross profit from~~
3 ~~directory advertising, the actual test year gross profit shall be used.~~

4 ~~(f) Each local exchange company shall record its directory advertising revenues in revenue~~
5 ~~account 5230 (Directory Revenues) and shall record its directory advertising expenses in expense~~
6 ~~account 6622 (Number Services). Only those expenses formerly recorded in expense account~~
7 ~~649 (Directory Expense) shall be recorded in expense subaccount 6622.1. The actual test year~~
8 ~~gross profit from telephone directory advertising shall be determined by subtracting the amount~~
9 ~~recorded in expense subaccount 6622.1 from the amount recorded in revenue account 5230, with~~
10 ~~such adjustments as the Commission deems appropriate.~~

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

14 ~~Directory advertising expenses, as used in this rule, shall include expenses incurred in furnishing~~
15 ~~directories.~~

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

18 Local Exchange Company 1982 Gross Profit Base

19
20 Frontier Telephone Company \$8,830

21
22 ~~(4) The Average 1982 Access Lines for each local exchange telephone company is as follows:~~

23 Local Exchange Company 1982 Average Access Lines

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25 existing law.

1
2 ~~Frontier Telephone Company \$2,279~~

3 Specific Authority 350.127(2) FS. Law Implemented 364.037 FS. History–New 4-20-86,
4 Formerly 25-4.405, Amended 4-25-88, 3-10-96, 9-15-03.

5 **25-4.135 Annual Reports.**

6 ~~Each rate of return regulated local exchange telephone company shall file annual reports with~~
7 ~~the Commission on Commission Form PSC/ECR 018 T (9/03) which is incorporated by~~
8 ~~reference into this rule. Form PSC/ECR 018 T, entitled “Annual Report of Local Exchange~~
9 ~~Telephone Companies”, may be obtained from the Commission’s Division of Economic~~
10 ~~Regulation. These reports shall be verified by a responsible accounting officer of the company~~
11 ~~making the report and shall be due on or before April 30 for the preceding calendar year. A~~
12 ~~company may file a written request for an extension of time with the Division of Economic~~
13 ~~Regulation no later than April 30. One extension of 31 days will be granted upon request. A~~
14 ~~request for Commission approval of a longer extension must be accompanied by a statement of~~
15 ~~good cause and shall specify the date by which the report will be filed. Good cause means a~~
16 ~~demonstration that the company has worked diligently to prepare the report and that the~~
17 ~~additional time period requested to complete and submit the report is both reasonable and~~
18 ~~necessary given the company's particular circumstances.~~

19 Specific Authority 350.127(2) FS. Law Implemented 364.17 FS. History–New 12-27-94,
20 Amended 3-10-96, 9-15-03.

21 **25-4.140 Test Year Notification.**

22 ~~(1) At least 60 days prior to filing a petition for a general rate increase, a company shall notify~~
23 ~~the Commission in writing of its selected test year and filing date. This notification shall include:~~

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1 ~~(a) An explanation for requesting the particular test period. If an historical test year is selected,~~
2 ~~there shall be an explanation of why the historical period is more representative of the~~
3 ~~company's operations than a projected period. If a projected test year is selected, there shall be~~
4 ~~an explanation of why the projected period is more representative than an historical period.~~

5 ~~(b) An explanation, including an estimate of the impact on revenue requirements, of the major~~
6 ~~factors which necessitate a rate increase.~~

7 ~~(c) A statement describing the actions and measures implemented by the Company for the~~
8 ~~specific purpose of avoiding a rate increase.~~

9 ~~(2) In the event that a test year other than one based on a calendar year or the company's normal~~
10 ~~fiscal year is selected, the notification shall include an explanation of why the chosen test year~~
11 ~~period is more appropriate.~~

12 ~~(3) If the company cannot meet its filing date, it shall notify the Commission in writing before~~
13 ~~the due date and include an explanation of why it will not meet the filing date. The company~~
14 ~~shall include a revised filing date.~~

15 Specific Authority 350.127(2) FS. Law Implemented 364.05(3) FS. History—New 5-4-81,
16 Amended 10-15-84, 9-21-92.

17 **25-4.141 Minimum Filing Requirements for Rate-of-Return Regulated Local Exchange**
18 **Companies; Commission Designee.**

19 ~~(1) General Filing Instructions.~~

20 ~~(a) Each petition under Section 364.05 or 364.055, F.S., for adjustment of rates must include or~~
21 ~~be accompanied by:~~

22 ~~1. The information required by Commission Form PSC/ECR20-T (3/96), which is incorporated~~
23 ~~into this rule by reference. Form PSC/ECR20-T, entitled "Minimum Filing Requirements," may~~

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25 existing law.

1 ~~be obtained from the Commission's Division of Economic Regulation;~~

2 ~~2. The exact name of the applicant and the address of the applicant's principal place of business;~~

3 ~~3. Copies of prepared direct testimony and exhibits for each witness testifying on behalf of the~~
4 ~~company; and~~

5 ~~4. Proposed tariff sheets.~~

6 ~~(b) In compiling the required schedules, a company shall follow the policies, procedures, and~~
7 ~~guidelines prescribed by the Commission in relevant rules and in the company's last rate case or~~
8 ~~in a more recent rate case involving a comparable utility. A company may also provide separate,~~
9 ~~comparable information on a different basis of its own choice, such as year-end versus average~~
10 ~~rate base, as long as it reconciles for each schedule the differences in the required basis and the~~
11 ~~company basis. Such added filing shall be made on the same date as the required filing. These~~
12 ~~additional schedules shall be identified appropriately; for example, Schedule B-1 would be~~
13 ~~designated Company Schedule B-1—company basis.~~

14 ~~(c) Each schedule shall be cross-referenced to identify related schedules as either supporting~~
15 ~~schedules or recap schedules.~~

16 ~~(d) Each page of the filing shall be numbered and on 8 1/2" x 11" inch paper. Each witness's~~
17 ~~prefiled testimony shall be double-spaced with 25 numbered lines on numbered pages. Exhibits~~
18 ~~shall be on numbered pages and all exhibits shall be attached to the proponent's testimony. Each~~
19 ~~set of the filing, consisting of the petition and its supporting attachments, testimony, and exhibits,~~
20 ~~shall be bound in order of appearance in this rule in standard three ring binders, with each~~
21 ~~schedule indexed and tabbed.~~

22 ~~(e) Except for handwritten official company records, all data in the petition, testimony, exhibits,~~
23 ~~and minimum filing requirements shall be typed.~~

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1 ~~(f) Each schedule shall indicate the name of the witness responsible for its presentation.~~

2 ~~(g) All schedules involving investment data shall be completed on an average investment basis.~~

3 ~~Unless a specific schedule requests otherwise, average is defined as the average of 12 monthly~~
4 ~~average balances.~~

5 ~~(h) Whenever the company proposes any corrections, updates or other changes to the originally~~
6 ~~filed data, 20 copies shall be filed with the Office of Commission Clerk with copies also served~~
7 ~~on all parties at the same time.~~

8 ~~(i) The company shall file 20 copies of the entire filing with the Office of Commission Clerk.~~

9 ~~(2) Projected Test Year. When a partially or fully projected test year is used, the company shall~~
10 ~~provide on Form PSC/ECR 20, in addition to the other requirements of this rule:~~

11 ~~(a) The most currently available historical data (for a time period equal to the period requested in~~
12 ~~the schedule) immediately preceding the test year, in addition to test year data. The historical~~
13 ~~data schedules shall be indexed and tabbed separately from the test year schedules.~~

14 ~~(b) A full description of supporting forecast information and methodology including detailed~~
15 ~~input data requirements, sources of input, and equations employed.~~

16 ~~(3) Commission Designee. The Director of the Division of Economic Regulation shall be the~~
17 ~~designee of the Commission for purposes of determining whether the company has met the~~
18 ~~minimum filing requirements imposed by this rule.~~

19 Specific Authority 350.127(2) FS. Law Implemented 364.05(4) FS. History—New 5-4-81,
20 Amended 7-29-85, 6-12-86, 2-3-88, 3-10-96, 1-31-00.

21 **25-4.214 Tariff Filings.**

22 ~~Tariff filings for new services and changes to an existing service that are submitted by small~~
23 ~~local exchange companies subject to the Commission's rate base and rate of return regulation~~

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25 existing law.

1 ~~shall go into effect on the 30th day following the day of filing unless:~~

2 ~~(1) The company requests a later effective date; or~~

3 ~~(2) The Commission suspends or denies the filing prior to the 30th day.~~

4 Specific Authority 350.127(2) FS. Law Implemented 364.04, 364.052 FS. History–New 3-10-96.

5 **25-4.215 Limited Scope Proceedings.**

6 ~~A rate of return regulated small local exchange company may seek to change its existing overall~~
7 ~~rate relationships without affecting its total revenues by filing a petition for a limited scope~~
8 ~~proceeding pursuant to Sections 364.05 and 364.058, F.S., and submitting Schedule E-2 (the~~
9 ~~priceout schedule) in Form PSC/ECR 20 T (3/96), entitled “Minimum Filing Requirements,”~~
10 ~~which is incorporated herein by reference in Rule 25-4.141, F.A.C., and may be obtained from~~
11 ~~the Commission’s Division of Economic Regulation. The required MFR Schedule E-2 must~~
12 ~~show that the revenues generated under the proposed rate relationships shall not exceed the~~
13 ~~revenues generated under the small local exchange company’s existing rate relationships, based~~
14 ~~on data for units and revenues for the last full calendar year available.~~

15 Specific Authority 350.127(2) FS. Law Implemented 364.05, 364.052, 364.058 FS. History–New
16 3-10-96, Amended 11-20-08.

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25 existing law.

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: June 22, 2009
TO: Office of General Counsel (Miller)
FROM: Division of Economic Regulation (Hewitt) *CH VEA 192*
RE: Proposed Repeal of Rule 25-4.017, F.A.C., Uniform System of Accounts for Rate-of-Return Regulated Local Exchange Companies; Rule 25-4.0171, F.A.C., Allowance for Funds Used During Construction; Rule 25-4.0174, F.A.C., Depreciation Accounts for Rate-of-Return Regulated Local Exchange Companies; Rule 25-4.0175, F.A.C., Depreciation for Rate-of-Return Regulated Local Exchange Companies; Rule 25-4.0178, F.A.C., Retirement Units for Rate-of-Return Regulated Local Exchange Companies; Rule 25-4.0405, F.A.C., Telephone Directory Advertising Revenues; Rule 25-4.135 Annual Reports; Rule 25-4.140, F.A.C., Test Year Notification; Rule 25-4.141, F.A.C., Minimum Filing Requirements for Rate-of-Return Regulated Local Exchange Companies; Commission Designee; Rule 25-4.214, F.A.C., Tariff Filings; Rule 25-4.215, F.A.C., Limited Scope Proceedings.

DETAILED DESCRIPTION OF THE PROPOSED RULE REPEALS

1. Why are the rule repeals being proposed?

The rule repeals would eliminate the Rate-of-Return Regulated Local Exchange Companies' (LECs) requirements because all the LECs have elected to become price cap regulated.

2. What do the rules do and how do they accomplish the goal?

The rule gives the requirements for Regulated LECs when they were Rate-of-Return regulated. The requirements listed by the rules include accounting rules, reporting, and Minimum Filing Requirements for rate increases.

IMPACT ON THE PSC

Incremental costs

There should be no incremental costs for the Commission because the rules being repealed are no longer used and are obsolete.

Incremental benefits

There would be some benefit for eliminating obsolete rules by decreasing the number of rules on the books.

WHO BESIDES THE PSC WILL BE AFFECTED BY ADOPTION OF THE PROPOSED REPEALS

Utilities

No telecommunications companies would be affected.

Customers

No customers would be affected.

Outside business and local governments

Small businesses, small cities or small counties would not be affected from repeal of the above rules.

HOW ARE THE PARTIES ABOVE AFFECTED BY THE ADOPTION OF THE PROPOSAL

Estimated transactional costs to individuals and entities

Utilities

There are no utilities or companies that would be affected.

Customers

No customers would be affected.

Outside businesses including specifically small businesses

Outside businesses should not be affected by the proposed rule repeals.

Local governments

Local governments should have no transactional costs from the rule repeals.

ANY OTHER PERTINENT COMMENTS REGARDING THE APPLICATION OF THE PROPOSED RULE

No other pertinent comments are germane to the proposed rule repeals.

CH:kb

cc: Mary Andrews Bane
Chuck Hill
Dale Mailhot