

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: July 1, 2009

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Hewitt)
Division of Regulatory Compliance (Mailhot)
Office of the General Counsel (Miller)

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.

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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 Therefore, the following rules would apply to no one and should be repealed.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)

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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.

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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.