

FLORIDA PUBLIC SERVICE COMMISSION

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Tallahassee, Florida 32399-0850

M E M O R A N D U M

JULY 22, 1993

TO : DIRECTOR OF RECORDS AND REPORTING

FROM : DIVISION OF APPEALS (WYROUGH) *NEW DS*
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JOHE) *DM*
DIVISION OF RESEARCH & REGULATORY REVIEW (HEWITT) *PH*

RE : DOCKET NO. 930634-TL, PROPOSED REPEAL OF RULE 25-4.026,
F.A.C., APPLICATION AND SCOPE; AND RULE 25-4.027, F.A.C.,
FILING REQUIREMENTS; AND ADOPTION OF RULE 25-4.1357,
F.A.C., ANNUAL SEPARATIONS COST STUDY

AGENDA: AUGUST 3, 1993 - CONTROVERSIAL AGENDA - PARTIES MAY
PARTICIPATE

PANEL: FULL COMMISSION

CRITICAL DATES: NONE

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DISCUSSION OF ISSUES

ISSUE 1: Should the Commission propose to repeal Rule 25-4.026, F.A.C., Application and Scope and Rule 25-4.027, F.A.C., Filing Requirements and propose to adopt new Rule 25-4.1357, F.A.C., Annual Separations Cost Study?

RECOMMENDATION: Yes. The Commission should propose to repeal Rule 25-4.026, F.A.C., Application and Scope and Rule 25-4.027, F.A.C., Filing Requirements and propose to adopt new Rule 25-4.1357, F.A.C., Annual Separations Cost Study.

STAFF ANALYSIS: Rules 25-4.026 and 25-4.027 pertain to "intrastate toll settlements" and "intrastate toll settlement agreements." The rules were written prior to divestiture to address the settlement processes as they existed at that time. However, the industry has undergone significant restructuring since that time and most of the old ways of doing things simply no longer exist. Private line pooling was one of the last such processes to remain in effect in Florida. In Dockets Nos. 920188-TL and 921280-TL, the Commission took the final steps in eliminating the

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intraLATA private line pool.¹ In addition, Rule 25-4.026 refers to the Commission's authority to review agreements and disapprove any such agreement found to be detrimental to the public interest. Staff still needs to be able to review agreements for the joint provision of intrastate interexchange service. However, Section 364.07, Florida Statutes, gives the Commission the authority to accomplish those tasks with adequate specificity. Therefore, repeal of the rule would not have any detrimental effect. Since the old toll settlement processes no longer exist in Florida, Rules 25-4.026 and 25-4.027 should be repealed because they are substantially out of date.

According to 25-4.027, LECs which utilize annual cost studies are required to file those studies with the pool administrator(s). With the elimination of the pool this requirement has no practical effect. However, staff believes that separations cost study information is important and recommends that the Commission propose to adopt Rule 25-4.1357, F.A.C., Annual Separations Cost Study, which requires the LECs that conduct annual cost studies to file the studies with the Division of Auditing and Financial Analysis on or before June 30 of each year.

This requirement places no significant burden on the companies who are affected by this proposed rule because they are currently required to submit an annual cost study to the National Exchange Carrier Association (NECA). Staff anticipates that the Commission would receive substantially the same information as NECA.

Staff has determined that the recommended rule changes would have no significant economic impact and that an Economic Impact Statement is not necessary.

¹ GTEFL was removed from the private line pool in its rate case Docket No. 920188-TL. The remaining LECs, except Centel and Southern Bell, were removed in Docket No. 921280-TL, which specifically addressed the depooling issue.

1 25-4.026 Application and Scope.

2 ~~(1) The rules set forth in this Part B are intended to~~
3 ~~establish guidelines for the Commission to:~~

4 ~~(a) review all intrastate toll revenue settlements and~~
5 ~~settlement agreements and disapprove any such agreements found to~~
6 ~~be detrimental to the public interest and~~

7 ~~(b) adjudicate disputes among telephone companies regarding~~
8 ~~intrastate telecommunications settlements.~~

9 ~~(2) For the purpose of the rules in this Part, the term~~
10 ~~"intrastate toll settlements" is defined as the distribution~~
11 ~~mechanism for revenues procured through the joint provision of toll~~
12 ~~service including message toll service, wide area telephone service~~
13 ~~(WATS), and private line services crossing exchange boundaries.~~

14 ~~"Intrastate toll settlement agreements" are those contracts which~~
15 ~~define the terms and conditions for distributing revenues procured~~
16 ~~through the joint extension of toll service including message toll~~
17 ~~service, wide area telephone service (WATS), and private lines~~
18 ~~services crossing exchange boundaries.~~

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

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

21 History: New 5/4/81, formerly 25-4.26, Repealed _____.

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

1 25-4.027 Filing Requirements.

2 ~~In order to facilitate its review of intrastate toll revenue~~
3 ~~settlements, the following information shall be filed with the~~
4 ~~Commission:~~

5 ~~(1) Southern Bell (Florida) shall furnish the Commission all~~
6 ~~existing contracts relating to intrastate toll settlements and a~~
7 ~~timely filing of all subsequent amendments.~~

8 ~~(2) All local exchange telephone companies operating in~~
9 ~~Florida which utilize annual cost studies shall file annual~~
10 ~~separations cost studies with the Pool Administrator(s) and the~~
11 ~~Division of Communications on or before June 30 of each year.~~
12 ~~Companies are encouraged to file as soon after the close of their~~
13 ~~study period as possible.~~

14 ~~(3) In the event that a final settlement is not attained by~~
15 ~~September 30, the Pool Administrator(s) shall submit a report to~~
16 ~~the Commission describing the reasons for the delay and shall also~~
17 ~~provide an estimated revenue effect for each item.~~

18 ~~(4) Companies may request an extension of the filing~~
19 ~~deadlines listed above in paragraphs 2 and 3. Such requests shall~~
20 ~~be granted where just cause requires that an extension be granted~~
21 ~~and will be addressed by the Commission on a case-by-case basis.~~

22 ~~(5) Such other information as the Commission may reasonably~~
23 ~~require.~~

24 Specific Authority: 350.127, F.S.

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

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PART IX

A. Accounting Reports

25-4.1357 Annual Separations Cost Study

(1) Each local exchange telephone company that conducts a cost study on an annual basis shall file a copy of the study that separates operation's investments and expenses by interstate and intrastate with the Division of Auditing and Financial Analysis on or before June 30 of each year.

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

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

History: New _____.

B. Revenue Requirements

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