

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: March 27, 2008

TO: Office of Commission Clerk (Cole)

FROM: Office of the General Counsel (Miller, Cibula) *CM*
Division of Competitive Markets & Enforcement (Mailhot, Sal) *SMC om*

RE: Docket No. 080159-TP – Joint petition to initiate rulemaking to adopt new rule in Chapter 25-24, F.A.C., amend and repeal Rules in Chapter 25-4, F.A.C., and amend rules in Chapter 25-9, F.A.C., by Verizon Florida LLC, BellSouth Telecommunications, Inc. d/b/a AT&T Florida, Embarq Florida, Inc., Quincy Telephone Company d/b/a TDS Telecom, and Windstream Florida, Inc.

AGENDA: 04/08/08 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: McMurrian

CRITICAL DATES: April 14, 2008 (the Commission must grant or deny the petition by this date)

SPECIAL INSTRUCTIONS: None

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Case Background

On March 14, 2008, Verizon Florida LLC, BellSouth Telecommunications, Inc. d/b/a/ AT&T Florida, Embarq Florida, Inc., Quincy Telephone Company d/b/a/ TDS Telecom and Windstream Florida, Inc., (jointly referred to herein as "Petitioners") filed a petition to initiate rulemaking pursuant to Section 120.54(7), Florida Statutes (F.S.), and Rules 28-103.006 and 25-22.017(2), Florida Administrative Code (F.A.C.). The Petitioners request that the Commission initiate rulemaking to amend and repeal rules in Chapter 25-4, F.A.C., amend rules in Chapter

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25-9, F.A.C., and adopt a new rule, “in order to update the Commission’s rules to reflect Florida’s highly competitive telecommunications market.”

Section 120.54(7), F.S., states that any person regulated by an agency or having a substantial interest in an agency rule may petition an agency to adopt, amend, or repeal a rule. Staff notes that the Petitioners are all regulated by the Commission.

The Petitioners state that consumers will be better served by a regulatory environment that fosters continued investment in infrastructure and further development of technological innovations, while preserving important consumer safeguards. The Petitioners assert that, with the increasing use of wireless, cable telephony, and Voice over Internet Protocol (VoIP), many of the current rules are no longer warranted.

Specifically, the Petitioners state that technological innovations have enabled intermodal telecommunications technologies to provide multiple competing services using several different platforms (voice, video and data), resulting in increased choices for customers. They point out that several states¹ have made “necessary updates” to their telecommunications regulations.

The petition states that 99.8% of Florida households have access to at least two wireless carriers; 94% of Florida households are passed by cable systems; and 99.8% of households passed by cable systems can subscribe to broadband. “The intense intermodal competition that has developed in the Florida telecommunications industry calls for a reevaluation of industry regulation,” according to the petition.

The Petitioners state that the Commission has statutory authority to make the changes. The Petitioners cite to Section 364.01(4), F.S., which directs the Commission to encourage competition, and Section 120.74, F.S., which instructs all agencies to review their rules every two years to delete obsolete or unnecessary rules.

Section 120.54(7), F.S., requires that, in response to a petition to initiate rulemaking, “the agency shall initiate rulemaking proceedings under [Chapter 120], otherwise comply with the requested action, or deny the petition with a written statement of its reasons for the denial.” This recommendation addresses the Petition to Initiate Rulemaking. The Commission has jurisdiction pursuant to Sections 120.54 and 364.01, F.S.

¹ The Petitioners list Alabama, Mississippi, Indiana, North Carolina, Virginia and Texas.

Discussion of Issues

Issue 1: Should the Commission grant the Petition to Initiate Rulemaking filed by Verizon Florida LLC, BellSouth Telecommunications, Inc. d/b/a/ AT&T Florida, Embarq Florida, Inc., Quincy Telephone Company d/b/a/ TDS Telecom and Windstream Florida, Inc.?

Recommendation: Yes. The Commission should grant the Petition and Initiate Rulemaking. (Miller, Cibula, Salak, Mailhot)

Staff Analysis: Section 120.54(7)(a), F.S., requires a petitioner requesting the initiation of rulemaking to “specify the proposed rule and action requested.” In accordance with Section 120.54(7)(a), the Petitioners request that the Commission initiate rulemaking to: (1) adopt Rule 25-4.008, F.A.C.,² as set forth in Attachment A.; (2) amend Rules 25-4.017, 25-4.0174, 25-4.0175, 25-4.0178, 25-4.022, 25-4.034, 25-4.040, 25-4.067, 25-4.079, 25-9.034, and 25-9.044, F.A.C., as set forth in Attachment B; and (3) repeal Rules 25-4.006, 25-4.007, 25-4.019, 25-4.024, 25-4.039, 25-4.046, and 25-4.116, F.A.C., as set forth in Attachment C.

Request to Adopt Rule

Petitioners request that the Commission initiate rulemaking to adopt new Rule 25-4.008, F.A.C. The rule language proposed by Petitioners is appended to this recommendation as Attachment A.

Under the new rule, the Petitioners propose a test, which if met, would allow a telecommunications company to operate under “streamlined regulation,” as opposed to the Commission’s current rules. Specifically, if the telecommunications company demonstrates that two-thirds of its Florida access lines are in a competitive market, it will be allowed to operate under streamlined regulation. Petitioners point out that, under the proposed rule language, rate-of-return regulated telecommunications companies would not be eligible for streamlined regulation.

Subsection (1) of the proposed rule language states that the test to determine streamlined regulation would be based on a market defined, at the telecommunications company’s option, as a Metropolitan Statistical Area, an exchange, the company’s service territory, or such other basis as submitted by the company. The test to determine a competitive market would be: (a) the presence of at least three local service access alternatives (e.g. wireline, wireless, broadband, cable, or other technology) within the market; and (b) whether two-thirds or more of the households in the market have access to at least three different providers (the telecommunications company plus two other providers) using any local service access alternative. As stated above, companies meeting the test would be eligible for streamlined regulation.

² They refer to it as 25-24, F.A.C. However, staff has reviewed the rule and think it would fit best as new Rule 25-4.008, F.A.C., if adopted.

Subparagraph (3)(d) of the proposed rule language would allow substantially affected persons to protest the Commission's grant of streamlined regulation. Subparagraph (3)(d) also allows the telecommunications company to protest the Commission's denial of its application.

As set forth in subsection (4) of the proposed rule language, telecommunications companies qualifying for streamlined regulation would no longer be subject to 28 rules in Chapter 25-4, F.A.C.; 13 rules in Chapter 25-9, F.A.C.; and all the rules in Chapter 25-14, F.A.C. The Petitioners assert that requirements set forth in these rules "are not necessary or appropriate in a competitive telecommunications environment" and "should no longer be applied to that market or company."

In support of their request to initiate adoption of Rule 25-4.008, F.A.C., the Petitioners state:

Competition in Florida's telecommunications markets brings innovation, investment, choice, and quality services at market rates. Customers of telecommunications services are best served by competition where competitors are able to compete fairly without unnecessary regulatory constraints and requirements. Thus, where the appropriate "competitiveness" standard is met, competition will effectively discipline the market and the Commission should provide streamlined regulation.

They further state that the proposed rule should be adopted "to ensure that regulated telecommunications companies operating in competitive markets are not subject to more onerous or costly regulatory requirements than apply to competitive providers operating on intermodal platforms, such as wireless, cable telephony, or VoIP."

The petition includes an affidavit of William E. Taylor, Vice President of NERA Economic Consulting, Inc. He concludes that the competition tests in the proposed rule are economically sound and will benefit Florida telecommunications consumers. He states that, under the new rule, the Commission would apply the competition tests on a market-by-market basis to determine whether sufficient competition exists to streamline regulation by eliminating specific regulations. "These tests would ensure that no single competitor could exercise market power to the detriment of consumers or other competitors, so that rules whose justification depends upon the presence of market power would no longer be necessary." He urges that the telecommunications companies should be allowed to request streamlined regulation for any geographic area subject to competition. A Report by Dr. Taylor and Dr. Harold Ware on "Intermodal Competition in Florida Telecommunications" is also included in the petition.

Request to Amend Rules

As stated above, the Petitioners are also requesting that the Commission initiate rulemaking to amend a number of rules. The requested rules amendments are appended to this recommendation as Attachment B.

Petitioners request that Rules 25-4.017, 25-4.0174, 25-4.0175, 25-4.0178, and 25-9.044, F.A.C., be amended to reflect that the rules only apply to rate-of-return regulated local exchange telecommunications companies. The Petitioners state that it is not their intent “to change the impact of these rules, but merely to clarify the companies to which they apply.” Petitioners also request that Rules 25-4.022, 25-4.040, 25-4.067, 25-4.079, and 25-9.034, F.A.C., be “updated to eliminate unnecessary or obsolete phrases or to provide clarification.”

Request to Repeal Rules

Petitioners also request that the Commission initiate the repeal of a number of rules. The requested rule repeals are appended to this recommendation as Attachment C.

Petitioners state that Rule 25-4.006, F.A.C., should be deleted as obsolete because “the rule assumes only one certificate holder per territory, which is not the case in today’s telecommunications market.” They also state that Rule 25-4.007, F.A.C., which allows companies to apply to the Commission for an interpretation of its rules, should be repealed because it is preempted by Section 120.565, F.S., which governs requests for declaratory statements. Petitioners assert that Rules 25-4.019 and 25-4.116, F.A.C., should be deleted because they are simply a restatement of existing statutes.

Petitioners state that Rules 25-4.024, 25-4.039, and 25-4.046, F.A.C., should be repealed because, “in a competitive environment, the issues covered in such rules are best handled on a complaint basis.” In regard to Rule 25-4.046, the Petitioners acknowledge that “the Commission would continue to have oversight jurisdiction over cross-subsidization, predatory pricing or other similar anticompetitive behavior in accordance with Section 364.3381, F.S.”

Conclusion

There have been major changes in the telecommunications industry in the past several years, which may warrant exploration of changes to our rules. Thus, staff recommends that the Petition to Initiate Rulemaking should be granted.

Staff notes that granting the Petition to Initiate Rulemaking does not mean that the Commission is required to adopt, amend, and/or repeal the rules set forth in the Petition to Initiate Rulemaking. Nor does it mean the Commission will have to adopt the rule language proposed by the Petitioners. Initiation of rulemaking merely begins a process whereby the Commission, the Petitioners, and all other interested persons may submit input on whether and/or how the Commission should ultimately change its rules. Staff anticipates holding staff workshops initially to make sure we understand the impacts of the rule changes, the statutory basis, the implementation, and the impact on consumers, and then following up with Commission workshops. Staff will return at a later date with a recommendation on whether or not the Commission should propose the adoption, amendment, and/or repeal of the rules set forth in the Petition to Initiate Rulemaking.

Docket No. 080159-TP
Date: March 27, 2008

Issue 2: Should this docket be closed?

Recommendation: No. If the Commission approves staff's recommendation in Issue 1, this docket should remain open to proceed with the rulemaking process. (Miller)

Staff Analysis: If the Commission approves staff's recommendation in Issue 1, this docket should remain open to proceed with the rulemaking process.

1 25-4.008 Streamlined Regulation for Telecommunications Markets and Companies

2 (1) Determination of Whether a Market Should be Subject to Streamlined Regulation.

3 (a) A telecommunications company may apply for Streamlined Regulation of a market
4 by showing that the market is competitive. A market may be defined, at the
5 telecommunications company's option, as a Metropolitan Statistical Area, an exchange, the
6 company's service territory, or on such other basis as submitted by the telecommunications
7 company. A market that is competitive shall be eligible for Streamlined Regulation. For
8 purposes of this subsection, the company's service territory means all exchanges served by a
9 telecommunications company in Florida.

10 (b) A market shall be determined to be competitive if:

11 1. At least three (3) local service access alternatives are present within the market.

12 For purposes of this rule, local service access alternative means wireline, wireless, broadband,
13 cable, or other technology approved by the Commission; and

14 2. At least two-thirds (2/3) of households within the market have access to at least
15 three (3) different providers using any local service access alternative, including the
16 telecommunications company seeking Streamlined Regulation.

17 (2) Determination of whether a Telecommunications Company Should be Subject to
18 Streamlined Regulation:

19 (a) A telecommunications company not otherwise eligible for Streamlined Regulation
20 in all its markets is eligible for Streamlined Regulation in all its markets if at least two-thirds
21 (2/3) of its access lines in the state are in markets that have been determined to be competitive
22 pursuant to Subsection (1) of this rule.

23 (b) A rate-of-return regulated telecommunications company is not eligible for
24 Streamlined Regulation.

25 (3) Determination of Eligibility for Streamlined Regulation:

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1 (a) A telecommunications company seeking a determination of Streamlined Regulation
2 for eligible markets pursuant o Subsection (1) of this rule shall file an application with the
3 Commission. The application must:

- 4 1. Identify each market that is eligible for Streamlined Regulation;
5 2. Identify the number and type of local service access alternatives existing within each
6 eligible market; and
7 3. Identify the percentage of households within each market that have access to at least
8 three(3) different providers using any local service access alternative.

9 (b) A telecommunications company seeking a determination that it should be subject to
10 Streamlined Regulation pursuant to Subsection (2) of this rule shall file an application with the
11 Commission. The application must:

- 12 1. Identify the applicable markets which are competitive pursuant to Subsection (1) of
13 this rule; and
14 2. Show that at least two-thirds (2/3) of its access lines in the state are in competitive
15 markets pursuant to Subsection (1) of this rule.

16 (c) The Commission shall grant or deny an application for Streamlined Regulation,
17 using the criteria in Subsection (1) or (2), within 45 days of the date of filing, unless both the
18 telecommunications company and the Commission agree to extend the effective date for a
19 period of time, not to exceed an additional 45 days. If the Commission denies the application,
20 it must notify the telecommunications company and describe the reasons for the denial, within
21 45 days of the date of the initial filing or by the agreed-upon extension date, if applicable.

22 (d) Notice of the Commission's grant or denial of an application for Streamlined
23 Regulation shall be given by a notice of proposed agency action issued by the Commission.
24 Any substantially affected person may challenge the Commission's decision regarding an
25 application for Streamlined Regulation by filing a protest to the proposed agency action within

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1 21 days. If a protest is filed, the Commission shall issue a final order granting or denying the
2 application within 90 days of the filing of the protest.

3 (e) A denial of an application for Streamlined Regulation by the Commission does not
4 disqualify a market or a telecommunications company for a subsequent determination of
5 Streamlined Regulation. Any subsequent application for Streamlined Regulation will depend
6 on the degree of competition existing at the time of any subsequent application for
7 Streamlined Regulation.

8 (4) Rules Applicable to Competitive Markets or Companies Subject to Streamlined
9 Regulation:

10 (a) This rule applies only to competitive markets, pursuant to Subsection (1) of this
11 rule, or to companies subject to Streamlined Regulation, pursuant to Subsection (2) of this
12 rule.

13 (b) Chapters 25-4, 25-9, 25-14 and 25-24, F.A.C., shall continue to apply to
14 competitive markets or companies subject to Streamlined Regulation, to the extent they
15 currently do, except as otherwise provided by this rule.

16 (c) The following rules from Chapter 25-4, F.A.C. shall not apply to competitive
17 markets or to companies subject to Streamlined Regulation:

- 18 1. Rule 25-4.0185, F.A.C., Periodic Reports
- 19 2. Rule 25-4.0201, F.A.C., Audit Access to Records
- 20 3. Rule 25-4.021, F.A.C., System Maps and Records
- 21 4. Rule 25-4.023, F.A.C., Report of Interruptions
- 22 5. Rule 25-4.066, F.A.C., Availability of Service
- 23 6. Rule 25-4.069, F.A.C., Maintenance of Plant and Equipment
- 24 7. Rule 25-4.070, F.A.C., Customer Trouble Reports
- 25 8. Rule 25-4.071, F.A.C., Adequacy of Service

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- 1 9. Rule 25-4.072, F.A.C., Transmission Requirements
- 2 10. Rule 25-4.073, F.A.C., Answering Time
- 3 11. Rule 25-4.074, F.A.C., Intercept Service
- 4 12. Rule 25-4.077, F.A.C., Metering and Recording Equipment
- 5 13. Rule 25-4.083, F.A.C., Preferred Carrier Freeze
- 6 14. Rule 25-4.085, F.A.C., Service Guarantee Program
- 7 15. Rule 25-4.107, F.A.C., Information to Customers
- 8 16. Rule 25-4.108, F.A.C., Initiation of Service
- 9 17. Rule 25-4.109, F.A.C., Customer Deposits
- 10 18. Rule 25-4.110, F.A.C., Customer Billing for Local Exchange Telecommunications

11 Companies

- 12 19. Rule 25-4.112, F.A.C., Termination of Service by Customer
- 13 20. Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company
- 14 21. Rule 25-4.114, F.A.C., Refunds
- 15 22. Rule 25-4.115, F.A.C., Directory Assistance
- 16 23. Rule 25-4.117, F.A.C., 800 Service
- 17 24. Rule 25-4.200, F.A.C., Application and Scope
- 18 25. Rule 25-4.202, F.A.C., Construction
- 19 26. Rule 25-4.210, F.A.C., Service Evaluation and Investigations
- 20 27. Rule 25-4.214, F.A.C., Tariff Filings
- 21 28. Rule 25-4.215, F.A.C., Limited Scope Proceedings

22 (d) The following rules from Chapter 25-9, F.A.C. shall not apply to competitive
23 markets or companies subject to Streamlined Regulation:

- 24 1. Rule 25-9.005, F.A.C., Information to Accompany Filings
- 25 2. Rule 25-9.020, F.A.C., Front Cover

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- 1 3. Rule 25-9.021, F.A.C., Title Page
- 2 4. Rule 25-9.22, F.A.C., Table of Contents
- 3 5. Rule 25-9.023, F.A.C., Description of Territory Served
- 4 6. Rule 25-9.024, F.A.C., Miscellaneous
- 5 7. Rule 25-9.025, F.A.C., Technical Terms and Abbreviations
- 6 8. Rule 25-9.026, F.A.C., Index of Rules and Regulations
- 7 9. Rule 25-9.027, F.A.C., Rules and Regulations
- 8 10. Rule 25-9.029, F.A.C., Index of Rate or Exchange Schedules
- 9 11. Rule 25-9.030, F.A.C., Rate Schedules - General
- 10 12. Rule 25-9.032, F.A.C., Telephone Utility Exchange Schedules
- 11 13. Rule 25-9.459, F.A.C., Withdrawal of Tariffs
- 12 (e) None of the rules from Chapter 25-14, F.A.C., shall apply to competitive markets
- 13 or companies subject to Streamlined Regulation.
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1 **25-4.017 Uniform System of Accounts.**

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

8 (2) Each rate-of-return regulated local exchange telecommunications company shall
9 establish separate depreciation reserve subaccounts for each corresponding subaccount
10 established in the USOA or by rules of this Commission.

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

16 (4) Each rate-of-return regulated local exchange telecommunications company shall
17 file, within 60 days of a final order involving accounting matters, a description of all resultant
18 entries and adjustments to the accounting records.

19 Specific Authority 350.127(2) FS.

20 Law Implemented 350.115, 364.17 FS.

21 History—Revised 12-1-68, Amended 3-31-76, 8-21-79, 1-2-80, 12-13-82, 12-13-83, 9-30-85,

22 Formerly 25-4.17, Amended 11-30-86, 4-25-88, 2-10-92, 8-11-92, 3-10-96, 9-15-03,_____.

23 **25-4.0174 Uniform System and Classification of Accounts - Depreciation.**

24 (1) Depreciation rates for rate-of-return regulated local exchange telecommunications
25 companies are to be designed in accordance with the Uniform System and Classification of

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from existing law.

1 Accounts (USOA) and this rule. The primary accounts listed below are identical to those
2 prescribed in the USOA. New accounts and subaccounts, as listed below, are established
3 under these accounts. They are intended to group together items which are relatively
4 homogeneous in their expected life and salvage characteristics, and are for the purpose of
5 establishing uniformity among the companies in depreciation studies.

6 (2) A rate-of-return regulated local exchange telecommunications company may
7 further develop depreciation subaccounts within a listed account as appropriate for its plant.
8 No company shall, however, establish a new subaccount that would represent less than ten
9 percent of the original primary account.

10 (3) Notwithstanding subsection (2), a new subaccount must be established for the
11 introduction of a new technology, or for the treatment of an obsolescent component of a
12 current viable technology.

13 (4) Depreciation reserve, plant activity data, salvage cost, and costs of removal,
14 respectively, shall be maintained for each depreciation category for which a depreciation rate
15 is to be developed. This shall be done on the books of the rate-of-return regulated local
16 exchange telecommunications company.

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

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

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

21 a. Passenger cars and light trucks. This account shall include passenger cars and trucks
22 of one ton in capacity or less.

23 b. Heavy trucks and special purpose vehicles. This subaccount shall include trucks of
24 greater than one ton capacity.

25 c. Tractors and trailers.

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- 1 2. Garage work equipment, Account 2115. This account shall include tools and
2 equipment used to maintain vehicles.
- 3 3. Other work equipment, Account 2116. This account shall include power operated
4 equipment, general purpose tools, and other such work equipment items.
- 5 4. Buildings, Account 2121.
- 6 5. Furniture, Account 2122.
- 7 6. Office equipment, Account 2123. The following subaccounts shall be used:
- 8 a. Office support equipment. This subaccount shall include office devices such as
9 typewriters, cash registers, check writers, calculating, reproducing, addressing, billing,
10 blueprinting, and other office machines.
- 11 b. Company communications equipment. This subaccount shall include CPE and PBX
12 equipment installed for official company use.
- 13 7. General purpose computers, Account 2124.
- 14 (b) Central office switching, Account 2211. The following accounts shall be used:
- 15 1. Analog electronic switching, Account 2211. This account shall be established for
16 analog switching equipment and peripheral gear. It shall include equipment serving analog
17 switchers that is used solely for recording calling telephone numbers in connection with
18 customer dialed charged traffic dial tandem switchboards and special service switchboards
19 used in conjunction with private line service. It shall not include switchboards, and integral
20 equipment thereof, which perform an operator assistance function.
- 21 2. Digital electronic switching, Account 2212. This account includes investments in
22 digital switches. This switching account shall include equipment serving digital electronic
23 switchers that is used solely for the recording of calling telephone numbers in connection with
24 customer dialed charged traffic dial tandem switchboards and special service switchboards
25 used in conjunction with private line service. It shall not include switchboards, and integral

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1 equipment thereof, which perform an operator assistance function. Major components such as
2 hardware, processors, and cards that are expected to live substantially different from the
3 remaining switch investment should be considered as subcomponents in developing the rate
4 for the account.

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

15 (c) Operator systems, Account 2220. This account shall include such charges as
16 directory assistance, call intercept, and other operator assisted call completion activities.

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

18 1. Radio systems, Account 2231.

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

21 a. Analog;

22 b. Digital; and

23 c. That portion associated with optic technology.

24 (e) Information organization or termination, Account 2310. The following accounts
25 shall be used:

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

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

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

7 1. Poles, Account 2411.

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

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

11 b. Fiber.

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

13 a. Metallic. This investment shall be further subcategorized in accord with company
14 planning; and

15 b. Fiber.

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

17 a. Metallic. This subaccount shall be further subcategorized in accord with company
18 planning; and

19 b. Fiber.

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

21 a. Metallic. This investment shall be further subcategorized in accord with company
22 planning; and

23 b. Fiber.

24 6. Intrabuilding network cable, Account 2426. The following subaccounts shall be
25 used:

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1 a. Metallic. This investment shall be further subcategorized in accord with company
2 planning; and

3 b. Fiber.

4 7. Aerial wire, Account 2431.

5 8. Conduit systems, Account 2441.

6 (6) Depreciation rates used after July 1, 1996, shall be based on the account
7 classifications in the USOA and this rule. In implementing these rates the following
8 procedures shall be followed:

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

11 (b) The separation of investments and reserves under prior accounts into balances
12 relating to new accounts and subaccounts under this rule may require estimation. Where
13 vintaged distributions are maintained, separation into accounts and subaccounts may require
14 synthesization.

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

18 Specific Authority 350.127(2) FS.

19 Law Implemented 350.115, 364.17 FS.

20 History—New 4-25-88, Amended 9-11-96,_____.

21 **25-4.0175 Depreciation.**

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

24 (a) Category or Category of Depreciable Plant – A grouping of plant for which a
25 depreciation rate is prescribed. At a minimum it should include each plant account prescribed

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1 in Rule 25-4.017, F.A.C.

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

4 (c) Embedded Vintage – A vintage of plant in service as of the date of study or
5 implementation of proposed rates.

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

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

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

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

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

17 (e) Remaining Life Method – The method of calculating a depreciation rate based on
18 the unrecovered plant balance, less average future net salvage and the average remaining life.

19 The formula for calculating a Remaining Life Rate (RLR) is:

20 $100\% - \text{Reserve \%} - \text{Average Future Net Salvage \%}$

21 $\text{RLR} = \frac{\quad}{\text{Average Remaining Life in Years}}$

22 (f) Reserve Data – Historical data by study category showing reserve balances, debits
23 and credits such as booked depreciation expense, salvage and cost of removal, and
24 adjustments to the reserve utilized in monitoring reserve activity and position.
25

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

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

9 (i) Salvage Data – Historical data by study category showing bookings of retirements,
10 gross salvage and cost of removal used in analysis of trends in gross salvage and cost of
11 removal, or for calculations of realized salvage.

12 (j) Theoretical Reserve or Prospective Theoretical Reserve – A calculated reserve
13 based on components of the proposed rate, using the formula:

14 Theoretical Reserve = Book Investment - Future Accruals - Future Net Salvage

15 (k) Vintage – The year of placement of a group of plant items or investment under
16 study.

17 (l) Whole Life Method – The method of calculating a depreciation rate based on the
18 Whole Life (Average Service Life) and the Average Net Salvage. Both life and salvage
19 components are the estimated or calculated composite of realized experience and expected
20 activity. The formula is:

$$\text{Whole Life Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life in Years}}$$

21
22
23
24 (2)(a) Ranges for basic life and salvage values, established by the Commission, may be
25 used by small rate-of-return regulated local exchange telecommunications companies ~~LECs~~

1 regardless of the depreciation methodology utilized. The ranges for basic life and salvage
2 values for small LECs are as follows:

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

4 AVERAGE SERVICE LIFE NET SALVAGE

5

6 ACCOUNT

7 GENERAL SUPPORT ASSETS (Years) (Percent)

8 Motor vehicle

9 Passenger cars & light trucks 6-8 10-20

10 Heavy trucks & special purpose vehicles 8-11 5-10

11 Buildings 32-36 0-5

12 Other work equipment 7 yr. Amortization

13 Furniture 10 yr. Amortization

14 Office machines 7 yr. Amortization

15 Office equipment (official use) 5 yr. Amortization

16 Computer equipment 5 yr. Amortization

17 CENTRAL OFFICE ASSETS

18 Digital switching 13-16 0-5

19 Operator systems 8-10 0-5

20 Radio 10-12 (5)-0

21 Circuit

22 Analog 8-10 (5)-0

23 Digital 10-12 0-5

24 Fiber electronics (optics) 8-10 0-5

25

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1	INFORMATION/ORIGINATION		
2	ASSETS		
3	Public telephone equipment	8-10	0-5
4	Other	8-10	0-5
5	CABLE/WIRE FACILITIES		
6	Poles	20-22	(60)-(40)
7	Aerial cable		
8	Metallic	18-20	(30)-(20)
9	Fiber	20-22	(30)-(20)
10	Underground cable		
11	Metallic	19-21	(10)-(5)
12	Fiber	20-22	(10)-(5)
13	Buried cable		
14	Metallic	17-19	(5)-0
15	Fiber	20-22	(5)-0
16	Submarine cable		
17	Metallic	20-25	(5)-0
18	Fiber	20-22	(5)-0
19	Underground conduit	50-52	(5)-0

20 Aerial wire – Expense all future additions and amortize embedded portion over 3 years.

21 (b) A rate-of-return regulated local exchange telecommunications company shall not
22 petition the Commission to change any existing depreciation rate more than once a year.

23 (c) A rate-of-return regulated local exchange telecommunications company may not
24 reallocate accumulated depreciation reserves among any primary accounts and subaccounts
25 without prior Commission approval.

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1 (3)(a) Each rate-of-return regulated local exchange telecommunications company shall
2 maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts
3 as prescribed by Rule 25-4.0174, F.A.C., and as set forth in paragraph (2)(a) of this rule.

4 Companies may maintain further sub-categorization.

5 (b) Upon establishing a new account or subaccount classification, each rate-of-return
6 regulated local exchange telecommunications company shall request Commission approval of
7 a depreciation rate for the new plant category.

8 (c) A rate-of-return regulated local exchange telecommunications company's current
9 average service life is that which has been approved by the Commission and in effect as of the
10 effective date of this rule. To determine if a company's current average service life is within
11 an established range, current average service lives not reflected as a whole number shall be
12 rounded using traditional rounding methodology. (For example, 1.1-1.4 rounds to 1.0; 1.5-1.9
13 rounds to 2.0.)

14 (4) If the rate-of-return regulated local exchange telecommunications company's
15 proposed and current average service lives for a given account are within the ranges
16 established in paragraph (2)(a), no additional support for those values shall be required. If the
17 company's proposed and current net salvage values for a given account are within the ranges
18 established in paragraph (2)(a), no additional support for those values shall be required. The
19 company shall submit to the Office of Commission Clerk the original, five hard copies, and a
20 diskette of the information required by subsection (8) of this rule.

21 (5) A rate-of-return regulated local exchange telecommunications company proposing
22 basic life or salvage values outside of the ranges established in paragraph (2)(a) of this rule
23 shall submit to the Office of Commission Clerk the original and five hard copies, and a
24 diskette of the information required by subsection (10) of this rule.

25 (6) After filing a petition for a change in depreciation rates, the rate-of-return regulated

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1 local exchange telecommunications company may reflect on its books and records the
2 preliminary implementation of the proposed rates as of the proposed effective date. These
3 rates are subject to Commission approval.

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

7 (8) A depreciation filing shall include:

8 (a) A comparison of current and proposed depreciation rates and components for each
9 category of depreciable plant. Current rates shall be identified as to the effective date and
10 proposed rates as to the proposed effective date.

11 (b) A comparison of annual depreciation expense, as of the proposed effective date,
12 resulting from current rates with the expense produced by the proposed rates for each category
13 of depreciable plant. The plant balances may involve estimates. Submitted data including plant
14 and reserve balances or company planning involving estimates shall be brought to the
15 effective date of the proposed rates.

16 (c) Each recovery and amortization schedule currently in effect should be included
17 with any new filing showing total amount amortized, effective date, length of schedule, annual
18 amount amortized, and reason for the schedule.

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

22 (9) If a rate-of-return regulated local exchange telecommunications company's current
23 average service life or salvage value for any given category of depreciable plant is not within
24 the established range, the company must file the information in subsection (10) to justify its
25 move into the range.

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1 (10) For each account that the rate-of-return regulated local exchange
2 telecommunications cCompany proposed life or salvage value is not within the established
3 range, the depreciation filing shall include the information in subsection (8) as well as the
4 following:

5 (a) An explanation and justification for each study category of depreciable plant
6 defining the specific factors that justify the life or salvage components and rates being
7 proposed. Each explanation and justification shall include substantiating factors utilized by the
8 company in the design of the depreciation rates for the specific category, e.g., company
9 planning, growth, technology, physical conditions, and trends. The explanation and
10 justification shall state any statistical or mathematical methods of analysis or calculation used
11 in the design of the category rate.

12 (b) The mortality and salvage data used by the company in the depreciation rate design
13 must agree with activity booked by the utility. Unusual transactions not included in life or
14 salvage studies, e.g., sales or extraordinary retirements must be specifically enumerated and
15 explained.

16 (c) The filing shall contain all calculations, analysis and numerical basic data used in
17 the design of the depreciation rate for each category of depreciable plant. To the degree
18 possible, data involving retirements should be aged.

19 (11)(a) Rate-of-return regulated local exchange telecommunications cCompanies shall
20 provide calculations of depreciation rates using either the whole life method or the remaining
21 life method. The use of one of these methods is required for all depreciable categories.

22 (b) Rate-of-return regulated local exchange telecommunications cCompanies shall file
23 an election to remain with the remaining life methodology or move to whole life methodology
24 within 90 days of the effective date of this rule. Failure to file an election shall result in the
25 company's use of remaining life methodology. Only one election regarding depreciation

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1 methodology will be permitted.

2 (12) When a rate-of-return regulated local exchange telecommunications company
3 elects whole life methodology, no recovery of reserve imbalances will be considered for
4 depreciation purposes. This methodology is not reserve sensitive.

5 (13) When a rate-of-return regulated local exchange telecommunications company
6 elects remaining life methodology, the following apply:

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

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

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

15 (14)(a) A rate-of-return regulated local exchange telecommunications company
16 proposing an effective date of the beginning of its fiscal year shall submit its petition for a
17 change in depreciation rates no later than the mid-point of that fiscal year.

18 (b) A rate-of-return regulated local exchange telecommunications company proposing
19 an effective date coinciding with the expected date of additional revenues initiated through a
20 rate case proceeding shall submit its petition for a change in depreciation rates no later than
21 the filing date of its Minimum Filing Requirements.

22 (15) Included as part of the annual report filed pursuant to Rule 25-4.135, F.A.C., each
23 rate-of-return regulated local exchange telecommunications company shall provide Schedule
24 B-3, Analysis of Plant In Service, and Schedule B-4, Analysis of Accumulated Depreciation.
25 Schedule B-3 shall include booked plant activity (plant balance at the beginning of the year,

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1 additions, adjustments, transfers, reclassifications, retirements, and plant balance at year end).
2 Schedule B-4 shall include reserve activity (reserve balance at the beginning of the year,
3 retirements, accruals, salvage, cost of removal, adjustments, transfers, reclassifications, and
4 reserve balance at year end) for each category of investment for which a depreciation rate,
5 amortization schedule, or capital recovery schedule has been approved.

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

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

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

14 Specific Authority 350.127(2) FS.

15 Law Implemented 350.115, 364.03 FS.

16 History--New 9-8-81, Amended 4-28-83, 1-6-85, Formerly 25-4.175, Amended 4-27-88, 12-
17 12-91, 9-11-96,_____.

18 **25-4.0178 Retirement Units.**

19 (1) This rule is intended to establish uniform retirement units for rate-of-return
20 regulated local exchange telecommunications ~~telephone~~ companies and does not relieve any
21 rate-of-return regulated local exchange telecommunications company from maintaining its
22 accounts and records in conformity with the Uniform System and Classification of Accounts
23 (USOA) as prescribed by the Federal Communications Commission (FCC) in Title 47, Code
24 of Federal Regulations, Part 32, as adopted on December 2, 1986 and revised as of December
25 1, 1987, except to the extent that this rule requires different treatment as stated below.

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

2 (a) "Book Cost" means the amount at which a retirement unit is included in a
3 telephone plant account, including the costs of all labor and installation. This cost is to be
4 determined from the rate-of-return regulated local exchange telecommunications company's
5 records, but if it cannot be, it is to be estimated.

6 (b) "Cost or in-plant cost" means original purchase price plus all labor and installation
7 costs.

8 (c) "Cost of Removal" means the cost of demolishing, dismantling, removing, tearing
9 down or otherwise disposing of a retirement unit, including the cost of transportation and
10 handling.

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

15 (e) "Gross Salvage" means the amount received from selling or trading-in a retirement
16 unit; or, if retained for reuse, the original, or estimated if not known, material cost of the unit.

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

20 (g) "Minor Item" means any part or element of plant which is not designated as a
21 retirement unit, but may be a component of or adjunct to a retirement unit.

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

25 (i) "Retirement Unit" means an item of telephone plant designated as a retirement unit

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1 | which when placed in service is to be capitalized if the cost of the unit meets the criteria in the
2 | “List of Retirement Units”, and when removed from service, without a replacement or with a
3 | replacement that meets the criteria in the “List of Retirement Units”, is to be credited to the
4 | plant account in which it is included and debited to the associated account reserve.

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

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

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

20 | (b) When a retirement unit for Company Communications Equipment, Account
21 | 2123.2, or Public Telephone Equipment, Account 2351, is placed in service for the first time
22 | at a location, only the materials cost of the unit, if it meets the criteria in the “List of
23 | Retirement Units”, shall be added to the appropriate plant account. Associated labor and minor
24 | materials costs of installing such equipment shall be charged to the appropriate expense
25 | account.

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

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

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

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

19 (b) When a minor item is retired and not replaced, the book cost along with any
20 associated cost of removal and gross salvage is to be accounted for in the same manner as the
21 retirement of a retirement unit. If, however, the book cost of such a minor item has been
22 accounted for by its inclusion in the retirement unit of which it is a part, no separate credit to
23 the property account or debit to the associated account reserve is to be made.

24 (c) When a minor item is replaced independently of the retirement unit of which it is a
25 part, the cost of replacement is to be charged to the appropriate maintenance account for that

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1 item. If, however, the replacement causes a substantial betterment, the primary aim of which is
2 to make the property affected more useful, more efficient, of greater durability, or of greater
3 capacity, the excess cost of the replacement over the estimated cost at current prices of the
4 replacement without betterment should be charged to the appropriate plant account.

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

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

11 Specific Authority 350.127(2) FS.

12 Law Implemented 350.115, 364.17 FS.

13 History—New 4-25-88, Amended.

14 **25-4.022 Complaint - Trouble Reports, Etc.**

15 (1) Each telephone company shall maintain for at least six (6) months a record, in
16 either electronic or paper format, of all signed written complaints made by its subscribers
17 regarding service or errors in billing, ~~as well as a record of each case of trouble or service~~
18 ~~interruption that is reported to repair service~~. This record shall include the name and/or
19 address of the subscriber or complainant, the date (and for reported trouble, the time) received,
20 the nature of the complaint or trouble reported, the result of any investigation, the disposition
21 of the complaint or service problem, and the date (and for reported trouble, the time) of such
22 disposition.

23 (2) Each signed letter of complaint shall be acknowledged in writing or by other means
24 of contact by a representative of the company.

25 Specific Authority 350.127(2), 364.17 FS.

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1 Law Implemented 364.051, 364.17, 364.183, 364.20 FS.

2 History—Revised 12-1-68, Formerly 25-4.22, Amended _____.

3 **25-4.034 Tariffs.**

4 (1) Each telecommunications company shall maintain on file with the Commission
5 tariffs which set forth all rates and charges for customer services, the classes and grades of
6 service available to subscribers, the conditions and circumstances under which service will be
7 furnished, and all general rules and regulations governing the relation of customer and utility.
8 Tariff filings shall be in compliance with the requirements of Chapter 25-9, F.A.C., of the
9 Commission rules entitled “Construction and Filing of Tariffs by Public Utilities.”

10 (2) Each company shall file, as an integral part of its tariff, maps defining the exchange
11 service areas. These maps shall delineate the boundaries in sufficient detail that they may be
12 located in the field and shall embrace all territory included in the certificate of convenience
13 and necessity.

14 ~~(3) Each telecommunications company shall maintain on file in each of its business~~
15 ~~offices, available for public inspection upon request, a copy of the local exchange tariff for~~
16 ~~exchanges under the administration of that office, its general exchange tariff, and its schedule~~
17 ~~of intrastate toll rates. Each business office shall likewise make available a copy of Chapter~~
18 ~~25-4, F.A.C., of the Florida Public Service Commission Rules and Regulations for public~~
19 ~~inspection upon request.~~

20 Specific Authority 350.127(2) FS.

21 Law Implemented 364.04, 364.163 FS.

22 History—New 3-31-76, Amended 11-29-82, Formerly 25-4.34, Amended 9-13-88, 4-16-90, 3-
23 10-96, _____.

24 **25-4.040 Telephone Directories; Directory Assistance.**

25 (1) Each local exchange telecommunications company shall normally publish updated

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1 telephone directories once every 12 months and shall publish updated directories at least once
2 every 15 months. The directories shall normally alphabetically list the name, address, and
3 telephone number of all subscribers located in the exchange(s) contained in the directory
4 except the telephone numbers for public telephones or a name, address, number/address
5 unlisted or unpublished at the subscriber's request. Also listed alphabetically shall be a listing
6 designated "Poison Information Center" and the local telephone number, where the exchange
7 served by the directory has local calling to a Poison Information Center. If no local telephone
8 number exists, then the toll-free telephone number of a Poison Information Center shall be
9 listed. A description of the local (toll free) calling scope shall be prominently displayed at the
10 beginning of each alphabetical section in a directory. At no additional charge and upon the
11 request of any residential subscriber, the exchange company shall list an additional first name
12 or initial under the same address, telephone number and surname of the subscriber. The
13 exchange company shall place the first names or initials in the order requested by the
14 subscriber.

15 (2) Each subscriber served by a directory shall be furnished one copy of that directory
16 for each access line. Subject to availability, additional directories shall be provided by the
17 local exchange telecommunications company, which may charge a reasonable fee therefor.
18 ~~Within 30 days after the effective date of this rule~~ Each exchange company shall file with the
19 Commission a tariff setting forth the fee, if any, and the conditions under which it will apply.
20 Copies of each directory shall be furnished to the Bureau of Service Quality. When expanded
21 calling scopes are involved, as with Extended Area Service, each subscriber shall be provided
22 with directory listings for all published telephone numbers within the local service area.

23 (3)(a) The name of the local exchange telecommunications company, the individual
24 exchanges included in the directory and the month/year of issuance shall appear on the front
25 cover of each directory.

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1 (b) ~~Beginning with directories issued on or after January 1, 1995,~~ The following
2 information shall be listed on the inside of the front cover of the directory:

3 1. "911" instructions for exchanges with "911" service. Such "911" instructions shall
4 be at the top of the inside front cover and shall be outlined in order to be separate from other
5 information on the inside front cover. "911" shall be the only listed emergency number; all
6 other numbers on the inside front cover shall be listed as "nonemergency" or "other important
7 numbers."

8 ~~2. For exchanges where "911" emergency service is not provided, emergency calling
9 instructions and numbers including those of the police, sheriff, fire departments and
10 ambulance services used by local government in case of emergency. Such emergency calling
11 instructions shall be listed at the top of the inside front cover and shall be outlined and
12 separate from other information. All other numbers on the inside front cover shall be listed as
13 "nonemergency" or "other important numbers."~~

14 23. The information required by Section 395.1027, F.S.

15 (c) The following notice shall be conspicuously listed on the inside front cover or first
16 page of the directory:

17 FLORIDA PUBLIC SERVICE COMMISSION INQUIRIES CUSTOMERS OF UTILITIES
18 AND COMPANIES REGULATED BY THE COMMISSION WHO HAVE FIRST
19 CONTACTED SUCH A FIRM CONCERNING A PROBLEM, AND ARE NOT SATISFIED
20 BY THE CORRECTIVE ACTION TAKEN MAY CONTACT:

21 COMISION DE SERVICIO PÚBLICO DEL ESTADO DE LA FLORIDA: TODOS LOS
22 CLIENTES DE UTILIDADES Y EMPRESAS REGULADAS EN LA FLORIDA QUE
23 HAYAN INICIADO CONTACTO CON DICHA ENTIDAD Y NO ESTÉN SATISFECHOS
24 CON LA RESOLUCIÓN DE SU QUEJA Y/O INVESTIGACIÓN PUEDEN DIRIGIRSE A:

25 **THE FLORIDA PUBLIC SERVICE COMMISSION**

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1 **Division of Regulatory Compliance and Consumer Assistance**

2 **2540 Shumard Oak Boulevard**

3 **Tallahassee, Florida 32399-8153**

4 **Phone Toll Free (TDD & Voice) 1 (800) 342-3552**

5 **Facsimile Toll Free 1 (800) 511-0809**

6 **Internet E-mail address for filing complaints:**

7 **CONTACT@PSC.STATE.FL.US**

8 **Internet Address for retrieving information:**

9 **<http://www.psc.state.fl.us/>**

10 (4) The following information shall appear in the front pages of the directory,
11 preceding subscriber listings, along with an index where there are four or more pages of such
12 information:

13 (a) Directions for the use of local exchange and long distance telephone services and
14 calls to repair and directory assistance services.

15 (b) Application and amount of directory assistance charges contained in company
16 tariffs.

17 (c) Application and amount of charges for line busy verification, emergency interrupt
18 and maintenance/repair services.

19 (d) The location of telephone company public business offices located in the area(s)
20 contained in the directory.

21 (e) Identification of where customer payment locations can be found and an
22 explanation of discontinuance of service procedures for local service.

23 (f) Policy on customer owned equipment and inside wiring shall include, but not be
24 limited to the following information, separately stated:

25 1. A layman's description of inside wiring.

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- 1 2. A layman's description of demarcation point.
- 2 3. A layman's description of the customer's responsibility for all wiring on the
- 3 customer's side of the demarcation point.
- 4 4. A generic description of the various types of vendors which sell repair equipment.
- 5 5. A generic list of the types of service vendors providing maintenance or repair of
- 6 inside wire, or customer premises equipment.
- 7 6. Instructions on how to determine whether the customer or the telephone company is
- 8 responsible for needed repairs.
- 9 7. Instructions for determining when a phone jack is defective.
- 10 8. Instructions for determining when a telephone is defective.
- 11 (g) Policy on the recording of telephone conversations.
- 12 (h) Policy on harassing calls and sales solicitations generated by illegal automatic
- 13 dialing equipment.
- 14 (i) Policy on various violations of law arising from the illegal use of telephone
- 15 equipment and service.
- 16 (j) A conspicuous notice of the availability of the "No Sales Solicitation" list offered
- 17 through the Florida Department of Agriculture and Consumer Services, Division of Consumer
- 18 Services, and the 800 number to contact for further information.
- 19 (5) Directory assistance operators shall maintain records of all telephone numbers
- 20 (except for non-published telephone numbers) in the area for which they have the
- 21 responsibility of furnishing service. Directory assistance records must also contain listings for
- 22 "Poison Information Center" and, the local telephone number, where the area served by the
- 23 directory assistance operator has local calling to a Poison Information Center. If no local
- 24 telephone number exists, then the toll-free telephone number of a Poison Information Center
- 25 shall be listed. All new or changed listings shall be provided to directory assistance operators

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1 within 48 hours after connection of service, excluding Saturdays, Sundays and holidays.

2 (6) In the event of an error in the listed number of any subscriber, each local exchange
3 telecommunications company shall intercept all calls to the listed number for the period of
4 time required to comply with Rule 25-4.074, F.A.C., provided the listed number is not in
5 service. In the event of an error or omission in the name listing of a customer, the customer's
6 correct name and telephone number shall be listed in the directory assistance and intercept
7 records and the correct number furnished the calling party upon request or interception.

8 (7) When a subscriber will establish a residence or business shortly after the close of
9 subscriber listing records but preceding publication, the local exchange telecommunications
10 company shall, upon request, establish and list service at the requested new address and
11 immediately place the service on suspension. Service connection and other appropriate local
12 service charges shall be due and payable, independent of whether service is later restored.

13 (8) When scheduled additions or changes in plant, records or operations will require a
14 large group of number changes, the earliest possible notice shall be given to affected
15 customers, regardless of the time of the change relative to the directory issuance cycle.

16 (9) The local exchange telecommunications company shall not change a subscriber's
17 telephone number without good cause and at least 30 days prior notice to the affected
18 subscriber.

19 Specific Authority 350.127(2) FS.

20 Law Implemented 364.01(4), 364.02(2), 364.025, 364.0251, 364.03, 364.385, 365.171,
21 395.1027 FS.

22 History-- New 12-1-68, Amended 3-31-76, 1-4-78, 12-10-84, Formerly 25-4.40, Amended 11-
23 28-89, 3-31-91, 2-11-92, 12-16-94, _____.

24 **25-4.067 Extension of Facilities - Contributions in Aid of Construction.**

25 (1) Each telecommunications company shall make reasonable extensions to its lines

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1 and service and shall include in its tariffs filed with the Commission a statement of its
2 standard extension policy setting forth the terms and conditions under which its facilities will
3 be extended to serve applicants for service within its certificated area, to the extent such tariffs
4 are required to be filed with the Commission.

5 (2) This line extension policy shall have uniform application and shall provide the
6 proportion of construction expense to be borne by the utility in serving the immediate
7 applicant shall be not less than five times the annual ~~exchange~~ revenue that would be
8 generated by providing basic local telecommunications service of the applicants.

9 ~~(3) If the cost which the servicing utility must bear under subsection (2) above (or has~~
10 ~~provided in its tariff) equals or exceeds the estimated cost of the proposed extension, the~~
11 ~~utility shall construct it without cost to the subscribers initially served. If the estimated cost of~~
12 ~~the proposed extension exceeds the amount which the utility is required to bear, the excess~~
13 ~~cost may be distributed equitably among all subscribers initially served by the extension.~~
14 ~~However, no portion of construction shall be assessed to the applicant for the provision of new~~
15 ~~plant where the new plant parallels and reinforces existing plant or is constructed on or along~~
16 ~~any public road or highway and is to be used to serve subscribers in general except in those~~
17 ~~instances where the applicant requests that facilities be constructed by other than the normal~~
18 ~~servicing method. The company's tariffs shall provide that such excess may be paid in cash in a~~
19 ~~lump sum or as a surcharge over a period of five years or such lesser period as the subscriber~~
20 ~~and company may mutually agree upon.~~

21 (4) Line extension tariffs shall also contain provisions designed to require that all
22 subscribers served by a line extension during the first five years after it is constructed shall
23 pay their pro rata share of the costs assignable to them.

24 (35) No company shall be required to extend facilities for new service unless the right-
25 of-way necessary for the construction of line extension is provided by the applicant or group

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1 of applicants. Where pole attachments may be made in lieu of new construction costs, the
2 company may charge the subscriber the expense or rental charges for such attachments,
3 provided that the applicant may elect to pay excess construction costs as though the service
4 were provided without the use of attachments.

5 (46) Except as provided in filed tariffs, the ownership of all facilities constructed as
6 herein provided shall be vested in the telecommunications company and no portion of the
7 expense assessed against the applicant shall be refundable by the company.

8 (57) Nothing in this rule shall be construed as prohibiting any utility from establishing
9 an extension policy more favorable to customers as long as no undue discrimination is
10 practiced between customers under the same or substantially the same circumstances and
11 conditions.

12 (68) In the event that a company and applicant are unable to agree in regard to an
13 extension, either party may appeal to the Commission for a review.

14 Specific Authority 350.127(2), 364.10 FS.

15 Law Implemented 364.025, 364.03, 364.07, 364.08, 364.15 FS.

16 History—Revised 12-1-68, Amended 3-31-76, Formerly 25-4.67, Amended 3-10-96,_____.

17 **25-4.079 Hearing/Speech Impaired Persons.**

18 (1) The telephone directory published by each local exchange telephone company
19 (LEC) shall:

20 (a) List, with other emergency numbers at the beginning of the directory,
21 Telecommunications Devices for the Deaf (TDD) numbers for emergency services, which
22 shall be denoted by the universal symbol for the hearing/speech impaired, i.e., a picture of an
23 ear with a slash across it;

24 (b) List the company's business office TDD number, which shall also be denoted by
25 said universal symbol, for communicating with hearing/speech impaired persons;

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1 (c) At the option of and without charge to TDD users, have a special notation by each
2 TDD user's number indicating TDD or TDD plus voice capability;

3 (d) At the option of and without charge to hearing/speech impaired customers, not list
4 the number of any hearing/speech impaired customer who requests that it not be published.

5 (2) Each LEC shall provide directory and operator assistance to TDD users. The
6 numbers for these services shall be listed in the front of the directory and denoted by the
7 universal symbol.

8 (3) Each LEC shall compile informational literature about the services it makes
9 available to hearing/speech impaired persons and shall maintain this literature for public
10 inspection in the company's business office. Each company shall send this literature at no
11 charge to anyone requesting it and shall include this literature or a summary of it, once a year,
12 in the company's informational mailings.

13 (4) Intrastate toll message rates for TDD users shall be evening rates for daytime calls
14 and night rates for evening and night calls. These discounts shall be offered by all LECs.

15 (5) Each LEC shall inform persons inquiring about specialized customer premises
16 equipment for hearing/speech impaired persons of Florida Telecommunications Relay, Inc.,
17 which provides such equipment at no cost, ~~pursuant to tariff, provide specialized customer~~
18 ~~premises equipment (CPE), for lease or sale, to hearing/speech impaired persons. This~~
19 ~~specialized CPE shall be priced to cover fully allocated costs without inclusion of a rate of~~
20 ~~return on investment component. Each LEC shall provide at least one type of each of the~~
21 ~~following categories of specialized CPE:~~

22 (a) ~~Audible ring signalers;~~

23 (b) ~~Visual ring signalers;~~

24 (c) ~~TDDs;~~

25 (d) ~~Volume control handsets.~~

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1 Specific Authority 350.127(2) FS.
2 Law Implemented 364.01(4), 364.02, 364.025, 364.03, 364.04 FS.
3 History—New 4-5-88, Amended 6-3-90, 5-8-05, _____.

4

5 **25-9.034 Contracts and Agreements.**

6 (1) Wherever a special contract is entered into by a utility for the sale of its product or
7 services in a manner or subject to the provisions not specifically covered by its filed
8 regulations and standard approved rate schedules, such contract must be approved by the
9 Commission prior to its execution. Accompanying each contract shall be completed and
10 detailed justification for the deviation from the utility's filed regulations and standard
11 approved rate schedules. If such special contracts are approved by the Commission, a
12 conformed copy of the contract shall be placed on file with the Commission before its
13 effective date.

14 The provisions of this rule shall not apply to contracts or agreements entered into by
15 telecommunications companies or agreements governing the sale or interchange of commodity
16 or product by or between a public utility and a municipality or R. E. A. cooperative, but shall
17 otherwise have application.

18 (2) Each utility shall make provision to file with the Commission a conformed copy of
19 all such special contracts which are currently in effect and which have not been previously
20 filed.

21 (3) If the number and size of such special contracts warrant, they may be placed in a
22 separate binder.

23 Specific Authority 366.05(1), 367.121 FS.

24 Law Implemented 366.05(1), 367.041(2) FS.

25 History—Amended 6-27-73, Repromulgated 1-8-75, Formerly 25-9.34, Amended _____.

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1 **25-9.044 Change of Ownership.**

2 (1) In case of change of ownership or control of a utility which places the operation
3 under a different or new utility, or when its name is changed, the company which will
4 thereafter operate the utility business must adopt and use the rates, classifications and
5 regulations of the former operating company (unless authorized to change by the
6 Commission), and shall, within ten (10) days, issue and file a notice adopting, ratifying, and
7 making its own all rates, rules, classifications and regulations of the former operating utility
8 on file with the Commission and effective at the time of such change of ownership or control.

9 (2) New utility. Within thirty (30) days after the filing of such adoption notice by a
10 public utility which then had no tariff on file with the Commission, said utility shall issue and
11 file in its own name the tariff of the predecessor utility then in effect and adopted by it, or
12 make application to the Commission for such other tariff as it may propose to put into effect in
13 lieu thereof.

14 (3) Utility already in business. Within thirty (30) days after the filing of such adoption
15 notice by a public utility which then had a tariff on file with the Commission, said utility shall
16 issue and file in its own name rate schedules and regulations on additional or revised sheets of
17 its existing tariff, or by a complete reissue of its existing tariff, which shall set out the rates
18 and regulations of the predecessor utility then in effect and adopted by it, or make application
19 to the Commission for such other rates and regulations as it may propose to put into effect in
20 lieu thereof.

21 (4) Regarding public utilities that are telecommunications companies, this rule shall
22 apply only to rate-of-return regulated local exchange telecommunications companies.

23 Specific Authority 350.127(2), 364.335, 367.121 FS.

24 Law Implemented 364.04 FS.

25 History—Repromulgated 1-8-75, Formerly 25-9.44, Amended.

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1 **25-4.006 Issuance of Certificate in the Event of Failure to Furnish Adequate Service.**

2 ~~If a certificate holder fails or refuses to provide reasonably adequate service to any~~
3 ~~territory embraced within its certificate after notice and hearing and a reasonable opportunity~~
4 ~~to do so, the Commission may issue a certificate to any other person willing and able to~~
5 ~~provide reasonably adequate service to such territory.~~

6 Specific Authority 350.127(2) FS.

7 Law Implemented 364.01(4), 364.025, 364.335 FS.

8 History Revised 12-1-68, Formerly 25-4.06, Repealed _____.

9 **25-4.007 Reference to Commission.**

10 ~~In the event of any question involving the interpretation of any of these rules and~~
11 ~~regulations, any party in interest may apply in writing to the Commission for interpretation.~~

12 Specific Authority 364.20 FS.

13 Law Implemented 364.28 FS.

14 History New 12-1-68, Formerly 25-4.07, Repealed _____.

15 **25-4.019 Records and Reports in General.**

16 ~~(1) Each utility shall furnish to the Commission at such times and in such form as the~~
17 ~~Commission may require, the results of any required tests and summaries of any required~~
18 ~~records. The utility shall also furnish the Commission with any information concerning the~~
19 ~~utility's facilities or operations which the Commission may reasonably request and require.~~
20 ~~All such data, unless otherwise specified, shall be consistent with and reconcilable with the~~
21 ~~utility's annual report to the Commission.~~

22 ~~(2) Where a telephone company is operated with another enterprise, records must be~~
23 ~~separated in such manner that the results of the telephone operation may be determined at any~~
24 ~~time.~~

25 ~~(3) Upon notification to the utility, members may, at reasonable times, make personal~~

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1 ~~visits to the company offices or other places of business within or without the State and may~~
2 ~~inspect any accounts, books, records, and papers of the company which may be necessary in~~
3 ~~the discharge of Commission duties. Commission staff members will present Commission~~
4 ~~identification cards as the written authority to inspect records. During such visits the company~~
5 ~~shall provide the staff member(s) with adequate and comfortable working and filing space,~~
6 ~~consistent with the prevailing conditions and climate, and comparable with the~~
7 ~~accommodations provided the company's outside auditors.~~

8 Specific Authority 350.127(2) FS.

9 Law Implemented 364.18, 364.183, 364.386 FS.

10 History—Revised 12-1-68, Amended 5-4-81, Formerly 25-4.19, Repealed_____.

11 **25-4.024 Held Applications for Service.**

12 ~~(1) Each local exchange telecommunications company shall accept and shall maintain~~
13 ~~a record of each application for access lines received during periods when a~~
14 ~~telecommunications company is unable to supply initial or additional telephone service to~~
15 ~~applicants within 30 days after the date applicant desires service. The telecommunications~~
16 ~~company shall keep a record, by exchanges, showing the name and address of each applicant~~
17 ~~for service, the date of application, date service desired, date service was promised, and the~~
18 ~~reason for the inability to provide the new service or additional access lines to the applicant.~~

19 ~~(2) Upon request, each company shall prepare and furnish to the Commission a report,~~
20 ~~by exchanges, of such held applications.~~

21 Specific Authority 350.127(2), 364.17 FS.

22 Law Implemented 364.025, 364.163, 364.17 FS.

23 History—Revised 12-1-68, Amended 3-31-76, Formerly 25-4.24, 3-10-96, Repealed_____.

24 **25-4.039 Traffic.**

25 ~~(1) Suitable practices shall be adopted by each telecommunications company~~

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1 ~~concerning the operating methods to be employed by operators with the objective of providing~~
2 ~~efficient service to the customers.~~

3 ~~(2) Telephone operators and service observing personnel shall be instructed to comply~~
4 ~~with the provisions of applicable statutes in maintaining the secrecy of communications.~~

5 Specific Authority 350.127(2) FS.

6 Law Implemented 364.01(4), 364.03 FS.

7 History—Revised 12-1-68, Amended 3-31-76, Formerly 25-4.39, Amended

8 3-10-96, Repealed.

9 **25-4.046 Incremental Cost Data Submitted by Local Exchange Companies.**

10 ~~(1) Incremental cost yields the appropriate price floor for pricing of individual~~
11 ~~services. This rule sets forth requirements for incremental cost data submitted by local~~
12 ~~exchange companies (LECs) to the Commission.~~

13 ~~(2) For each service for which an incremental cost study has been performed by or for~~
14 ~~a LEC and the LEC submits incremental cost data based on the study, the LEC shall provide:~~

15 ~~(a) An executive summary that includes, at a minimum:~~

16 ~~1. An overview of the incremental cost study(ies) performed, a description of all cost~~
17 ~~models used, and a summary of the cost study results;~~

18 ~~2. A discussion which demonstrates that the cost study methodology employed~~
19 ~~comports with accepted economic theory regarding incremental cost;~~

20 ~~3. A discussion demonstrating the reasonableness of the assumptions made regarding~~
21 ~~the conditions projected to be in effect during the study's planning horizon; and~~

22 ~~4. A discussion demonstrating the manner in which the service will be provisioned~~
23 ~~during the planning horizon.~~

24 ~~(b) A list of all factors and their values used in the study including, but not limited to,~~
25 ~~utilization factors, annual charge factors, expense factors and supporting structures factors. At~~

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1 Commission staff's request, supporting work papers showing the derivation of all factors used
2 in the study shall be provided on 5 days' notice.

3 (c) Where identifiable, the amount of any group specific costs shall be identified but
4 not added into the results for an individual service. Group specific costs are those costs related
5 to the provision of a group of services but not causally attributable to any specific service;

6 (d) The amount and types of costs that are causally apportioned (as opposed to directly
7 assigned) to individual services shall be identified and the LEC shall describe and provide
8 support for the method of apportionment used; and

9 (e) For new services which may have a significant revenue impact or where a rate
10 restructure of an existing service is being proposed that may have either significant customer
11 or revenue impact, a narrative or flowchart indicating the sequence of analyses performed
12 leading to the cost results shall be provided. At Commission staff's request, all relevant work
13 papers supporting the cost study shall be provided on 5 days' notice.

14 (3) For each service for which a LEC submits incremental cost data not based on an
15 incremental cost study performed by or for that LEC, the LEC shall provide a discussion
16 demonstrating the reasonableness of using the surrogate cost data as the price floor for its
17 service.

18 Specific Authority 350.127(2) FS.

19 Law Implemented 364.3381 FS.

20 History—New 5-24-95, Repealed _____.

21 **25-4.116 Telephone Number Assignment Procedure.**

22 Each company shall maintain written standard operating procedures for the assignment
23 of telephone numbers. The standard operating procedure shall be applied in a non-
24 discriminatory manner to requests for assignment of telephone numbers.

25 Specific Authority 350.127(2) FS.

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1 Law Implemented 364.03, 364.14, 364.16, FS.

2 History—New 2-9-87, Repealed _____.

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