

Regulatory Analysis Form

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(1) Agency

Pennsylvania Public Utility Commission

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(2) I.D. Number (Governor*s Office Use)

L-00050176/57-247

INDEPENDENT REGULATORY
REVIEW COMMISSION

IRRC Number: 2533

(3) Short Title

PUC Filing and Reporting Requirements on Local Exchange Carriers

(4) PA Code Cite

52 Pa. Code §§63.11, 64.23,
64.41,64.201, 71.3, 73.3, 73.5, 73.7

(5) Agency Contacts & Telephone Numbers

Primary Contact: Lois Burns (717)772-0694

Secondary Contact: Bohdan R. Pankiw (717)787-5000

(6) Type of Rulemaking (check one)

- Proposed Rulemaking
 Final Order Adopting Regulation
 Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

- No
 Yes: By the Attorney General
 Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

The proposed rulemaking amends 52 Pa. Code §§63.11, 64.23(a) and (b), 64.41, 64.201(a) and (b), 71.3(b), 73.3(a) and (b), 73.5(b), and 73.7(b).

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

Act 183 of 2004 or 66 Pa.C.S. §§3301 *et seq.*

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(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

Section 63.11 requiring accident reports involving injury or death of a person is required by statute at section 1508 of Title 66. Also, sections 3015(e) and (f) of Chapter 30 define local exchange companies' (LECs) reporting requirements. Section 3019(b) retains authority for the Commission to review and revise quality of service standards contained in 52 Pa. Code. *Chapter 30 of 2004* (Act 183), 66 Pa. C.S. §§3011 *et seq.* (relating to alternative forms of regulation for telecommunications companies).

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The proposed rulemaking reflects the Commission's action in its Final Implementation Order at *PUC Filing and Reporting Requirements on Local Exchange Carriers* at Docket No. M-00041857 entered October 5, 2005. At Docket No. M-00041857, the Commission determined that certain local exchange carrier (LEC) reporting requirements should be maintained, streamlined or eliminated in accordance with the provisions of Chapter 30 and the submitted comments in the docket. In addition, the proposed elimination of 52 Pa. Code §63.11 is in accordance with the Commission's action in its Final Order at *Section 3015(f) Review Regarding the Lifeline Tracking Report, Accident Report and Service Outage Report* at Docket No. M-00051900 entered December 30, 2005.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

There are no risks. Act 183 provides LECs the ability to amend network modernization plans to accelerate broadband deployment. At the same time, the statute offers ILECs more economic incentives and lesser Commission regulation including limitations on reporting requirements. Since the enactment of Act 183, the Commission has been implementing various provisions of the statute including examining and revising, where appropriate, various regulations for compliance with Chapter 30's provisions.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

When Governor Rendell signed Act 183 into law, he indicated that the legislation will substantially increase investment in the telecommunications infrastructure within the Commonwealth. The Governor also stated that Act 183 lessens the regulatory role of the Commission while permitting the Commission to retain authority over quality of service standards and basic telephone service.

In general, the Commission has and will continue to examine and review, where appropriate, various regulations for compliance with Chapter 30's provisions and other legislative mandates in order to fulfill its statutory obligations and reduce regulatory requirements in accordance with Act 183.

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(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

No persons, groups or entities will be adversely affected by this proposed rulemaking.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

The proposed rulemaking will eliminate certain regulations currently in place for LECs resulting in less regulatory requirements. In addition, the proposed rulemaking will modify certain Commission regulations to update the information to be filed and to change the frequency that specific reports are to be filed with the Commission.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

The proposed rulemaking is requesting comment on the Commission's determinations to modify or eliminate certain reporting requirements in accordance with the provisions of Chapter 30. Previously, the Commission received comment in *PUC Filing and Reporting Requirements on Local Exchange Carriers* at Docket No. M-00041857 entered October 5, 2005 and *Section 3015(f) Review Regarding the Lifeline Tracking Report, Accident Report and Service Outage Report* at Docket No. M-00051900 entered December 30, 2005. In both of these dockets, the Commission requested comments on the proposed regulatory changes as well as other existing regulatory requirements. The Pennsylvania Telephone Association (PTA), the Office of Consumer Advocate (OCA), and Representatives Raymond Bunt, Jr. and William F. Adolph, Jr. submitted comments at Docket No. M-00051900. In *PUC Filing and Reporting Requirements on Local Exchange Carriers* at Docket No. M-00041857 entered October 5, 2005, comments or letters of participation were filed by the PTA, OCA, MCI, Representative William F. Adolph, Jr., Representative Raymond Bunt, Jr., Representative Joseph Preston, Jr., Fran B. Cleaver, Esquire for Senator Robert M. Tomlinson, and the Commission's Bureaus of Consumer Services and Fixed Utility Services.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

The proposed rulemaking imposes no new regulatory requirements on telecommunications carriers, therefore, it imposes no costs. The purpose of the proposed rulemaking is to modify or eliminate existing reporting requirements on the regulated community thereby reducing industry's regulatory burdens and costs. In the proceedings addressing the LECs' current reporting requirements, no cost savings were submitted by the industry.

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(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

The proposed rulemaking imposes no requirements on local governments so it imposes no costs. The purpose of the proposed rulemaking is to modify or eliminate existing reporting requirements on the regulated telecommunications community thereby reducing industry's regulatory burdens and costs.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

The proposed rulemaking imposes no additional requirements on state government so it imposes no costs. The purpose of the proposed rulemaking is to modify or eliminate existing reporting requirements on the regulated community thereby reducing industry's regulatory burdens and costs. Savings to state government may occur since fewer reports will be filed with the Commission but definitive savings cannot be quantified at this time.

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(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$	\$	\$	\$	\$	\$
Regulated Community	n/a	n/a	n/a	n/a	n/a	n/a
Local Government	n/a	n/a	n/a	n/a	n/a	n/a
State Government	n/a	n/a	n/a	n/a	n/a	n/a
Total Savings	n/a	n/a	n/a	n/a	n/a	n/a
COSTS:						
Regulated Community	0	0	0	0	0	0
Local Government	0	0	0	0	0	0
State Government	0	0	0	0	0	0
Total Costs	0	0	0	0	0	0
REVENUE LOSSES:						
Regulated Community	0	0	0	0	0	0
Local Government	0	0	0	0	0	0
State Government	0	0	0	0	0	0
Total Revenue Losses	0	0	0	0	0	0

(20a) Explain how the cost estimates listed above were derived.

The proposed rulemaking will not impose any costs on, and may not result in certain savings or revenue losses for the entities identified above.

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(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
n/a	n/a	n/a	n/a	n/a

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

The proposed rulemaking will not impose any costs on the regulated community, or local government or state government.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

The proposed rulemaking reflects the Commission's statutory obligations as set forth in sections 3015(e) and (f) as well as section 3019(b) of Chapter 30. In doing so, the Commission proposes to eliminate or modify certain LEC reporting requirements in accordance with the provisions of Act 183.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

See Question no. 22 above.

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(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

No.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The proposed rulemaking implements various provisions of Chapter 30 which affects only Pennsylvania. The proposed rulemaking will not put Pennsylvania at a competitive disadvantage with other states.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

Yes, the proposed rulemaking will eliminate or modify certain Commission regulations currently prescribed in 52 Pa. Code. The proposed rulemaking will not affect other state agencies.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

No public hearings or informational meetings will be held on the proposed rulemaking. A 30-day comment period beginning with the date that the proposed rulemaking is published in the *Pennsylvania Bulletin* will provide an opportunity for public input before a final rulemaking is promulgated.

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(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

Yes. The proposed rulemaking will eliminate certain reporting requirements or the filing of certain information resulting in less review and analysis by the Commission. In addition, the proposed rulemaking changes the frequency that certain reports are required to be filed with the Commission thereby decreasing the number of reports to be submitted by the industry and reviewed by the Commission.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

The proposed rulemaking reflects the Commission's action in its Final Implementation Order at *PUC Filing and Reporting Requirements on Local Exchange Carriers* at Docket No. M-00041857 entered October 5, 2005. At Docket No. M-00041857, the Commission determined that certain local exchange carrier (LEC) reporting requirements should be maintained, streamlined or eliminated in accordance with the provisions of Chapter 30 and the submitted comments in the docket. In addition, the proposed elimination of 52 Pa. Code §63.11 is in accordance with the Commission's action in its Final Order at *Section 3015(f) Review Regarding the Lifeline Tracking Report, Accident Report and Service Outage Report* at Docket No. M-00051900 entered December 30, 2005.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

After a public comment period, the proposed rulemaking will be finalized consistent with the comments and in accordance with regulatory review procedures and timeframes. Any person, group or entity is required to comply with the regulations once they are final.

(31) Provide the schedule for continual review of the regulation.

A schedule for continual review of this proposed rulemaking is in accordance with the regulatory review process.

**FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU**

(Pursuant to Commonwealth Documents Law)

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INDEPENDENT REGULATORY
REVIEW COMMISSION

DO NOT WRITE IN THIS SPACE

2533

Copy below is hereby approved as to form and legality. Attorney General.

BY *Amy M. Elliott*
(DEPUTY ATTORNEY GENERAL)

MAR 23 2006

DATE OF APPROVAL

Check if applicable
Copy not approved. Objections attached

Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by:

Pennsylvania Public Utility Commission
(AGENCY)

DOCUMENT/FISCAL NOTE NO. L-00050176/57-247

DATE OF ADOPTION December 15, 2005

BY *James J. McNulty*
James J. McNulty

TITLE (SECRETARY)

Copy below is hereby approved as to form and legality. Executive or independent Agencies.

BY *Bohdan R. Pankiw*
Bohdan R. Pankiw
Chief Counsel

12-15-05
DATE OF APPROVAL

Check if applicable. No Attorney General approval or objection within 30 days after submission.

L-00050176/57-247
Proposed Rulemaking
PUC Filing and Reporting Requirements
on Local Exchange Carriers
52 Pa. Code, Chapters 63, 64, 71 and 73

The Pennsylvania Public Utility Commission on December 15, 2005, adopted a proposed rulemaking order which eliminates certain filing and reporting requirements for LECs. The contact person is Assistant Counsel Lois Burns, Law Bureau, 787-5000.

EXECUTIVE SUMMARY

L-00050176/57-247
Proposed Rulemaking
PUC Filing and Reporting
Requirements on Local Exchange Carriers
52 Pa. Code, Chapters 63, 64, 71 and 73

By Order entered on January 3, 2006 at Docket No. L-00050176, the Commission adopted a Proposed Rulemaking Order to amend 52 Pa. Code §§63.11, 64.23(a) and (b), 64.41, 64.201(a) and (b), 71.3(b), 73.3(a) and (b), 73.5(b), and 73.7(b). The purpose of the proposed rulemaking is to eliminate or modify the current language of the above-mentioned regulations to reflect the Commission's action in its Final Implementation Order at *PUC Filing and Reporting Requirements on Local Exchange Carriers* at Docket No. M-00041857 entered October 5, 2005. At Docket No. M-00041857, the Commission determined that certain local exchange carrier (LEC) reporting requirements should be maintained, streamlined or eliminated in accordance with the provisions of Chapter 30 and the submitted comments in the docket. In addition, the proposed elimination of 52 Pa. Code §63.11 is in accordance with the Commission's action in its Final Order at *Section 3015(f) Review Regarding the Lifeline Tracking Report, Accident Report and Service Outage Report* at Docket No. M-00051900 entered December 30, 2005.

Under the current language of Section 63.11, a public utility providing telecommunications service is required to file an accident report involving its facilities or operations resulting in injury or death to a person or public utility employee. The proposed amendment to Section 63.11 is to eliminate this regulation since this report can no longer be required in accordance with sections 3015(f)(1) and 3015(e) of Chapter 30 of the Public Utility Code.

Also, Chapter 64, at section 64.23, of the Commission's regulations provides that LECs report instances of unauthorized charges and changes to customers' bills known as cramming and slamming. The Commission's regulations, at section 64.41, also require

LECs to pay interest on customers' deposits and, subsequently, report the paid interest rate to the Commission. In addition, section 64.201(a) and (b) require LECs to file residential account information reflecting billing and collection practices including customer disputes on a quarterly or annual basis depending upon the size of the LEC. At Chapter 64, the Commission proposes to change the regulations to require LECs to maintain records documenting instances of slamming and cramming but to eliminate the quarterly requirement to report the unauthorized activity to the Commission. Also, the Commission is modifying the interest rate to be paid on customers' deposits to reflect current practice by the telecommunications industry. The Commission further proposes to reduce the filing of residential account information to an annual reporting requirement for all LECs regardless of the number of residential accounts that the companies serve.

At Chapter 71 of the Commission's regulations, LECs with annual intrastate gross revenues in excess of \$10 million currently are required to file financial reports on an annual basis. The Commission is proposing to eliminate section 71.3 of our regulations because Chapter 30 of Title 66 does not permit the filing of a separate financial earnings report of the type required by this regulation.

At Chapter 73 of the Commission's regulation, LECs are required to submit an annual depreciation report (section 73.3), a triennial service life study report (Section 73.5) and a triennial capital investment plan report (section 73.7). The Commission proposes to eliminate all of these filings because Chapter 30 of Title 66 no longer permits the reporting of this type of information as required by these regulations.

The contact person for this rulemaking is Lois Burns, Assistant Counsel, Law Bureau (legal), (717) 772-0694.

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA. 17105-3265**

Public Meeting held December 15, 2005

Commissioners Present:

Wendell F. Holland, Chairman
James H. Cawley, Vice Chairman
Bill Shane
Kim Pizzingrilli
Terrance J. Fitzpatrick

Rulemaking Re: PUC Filing and
Reporting Requirements on
Local Exchange Carriers

Docket No. L- 00050176

PROPOSED RULEMAKING ORDER

BY THE COMMISSION:

On October 5, 2005, the Commission entered a Final Implementation Order¹ at Docket No. M-00041857 regarding the filing and reporting requirements for Local Exchange Carriers (LECs) in compliance with the new Chapter 30.² In that Order, the Commission determined that certain LEC reporting requirements should be maintained, streamlined or eliminated in accordance with the provisions of Chapter 30 and the submitted comments in the matter. Pursuant to the October 5, 2005 Final Implementation Order, the Commission formally commences this rulemaking to eliminate certain LEC reports. The Commission seeks comment from all interested parties on these proposed revisions to our regulations, which are found at Annex A of this Order, and any other

¹ *PUC Filing and Reporting Requirements on Local Exchange Carriers*, Docket No. M-00041857 (Order entered October 5, 2005).

² 66 Pa. C.S. §§3011-3019.

applicable Commission documents, Orders, Secretarial Letters, *etc.* , referenced in this Order.

Background

In December 2004, the General Assembly enacted Act 183 which substantially amends the Public Utility Code relating to alternative forms of regulation for LECs and, in particular, contains provisions designed to reduce the present level of annual, quarterly and other periodic reporting requirements for LECs. Act 183 or Chapter 30 provides that the general filing and reporting requirements for LECs are limited to the nine reports specified in the statute, to be “submitted in the form determined by the Commission.” 66 Pa. C.S. §3015(e).

Section 3015(e) provides that the Commission’s filing and audit requirements for a LEC that is operating under an amended network modernization plan are limited to the following: 1) network modernization reports filed pursuant to Section 3014(f); 2) an annual financial report consisting of a balance sheet and income statement; 3) an annual deaf, speech-impaired and hearing-impaired relay information report; 4) an annual service report; 5) universal service reports; 6) an annual access line report; 7) an annual statement of gross intrastate operating revenues for purposes of calculating assessments for regulatory expenses; 8) an annual state tax adjustment computation for years in which a tax change has occurred, if applicable; and 9) for those companies with a bona fide retail request program, a bona fide retail request report under Section 3014(c)(9).

Chapter 30 also provides for exceptions to this limitation. In particular, section 3015(f)(1) of Chapter 30 provides that “no report, statement, filing or other document or information, except as specified in subsection (e), shall be required unless the Commission, upon notice to the affected LEC and an opportunity to be heard, has first made specific written findings supporting conclusions in an entered order that:

- (i) the report is necessary to ensure that the LEC is charging rates that are in compliance with the chapter and its effective alternative form of regulation;
- (ii) the benefits of the report substantially outweigh the attendant expense and administrative time and effort required by the LEC to prepare it.”

Section 3015(f)(2) also provides that nothing should be construed to impede the ability of the Commission to require the submission of further information to support the accuracy or to seek an explanation of the reports in subsection(e). Further, section 3019 retains the Commission’s power to seek information necessary to review and revise its quality of service standards and establish customer protection requirements.³

On April 15, 2005, in accordance with the newly-enacted Chapter 30, the Commission entered a Tentative Implementation Order⁴ directing the continuation, consolidation, and/or elimination of the general filing and reporting requirements presently imposed on LECs operating in Pennsylvania. In its Tentative Order, the Commission sought comments on its initial determinations to maintain, streamline or eliminate certain LEC reports. Upon review of Chapter 30 and the submitted comments, the Commission entered a Final Implementation Order⁵ on October 5, 2005 determining which LEC reporting requirements should be maintained, streamlined or eliminated. Also, in the Final Implementation Order, the Commission found that the Lifeline tracking reports and the accident and service outage reports are not within the scope of reports listed in section 3015(e). Therefore, the Commission directed that a new proceeding be opened to address the issue of whether these reports can meet the exception standard set forth in section 3015(f)(1).⁶ In its 3015(f)(1) review, the Commission determined on December 15, 2005 that accident reports are no longer required for telecommunications

³ 66 Pa. C.S. §§3019(b)(2) and (3).

⁴ *PUC Filing and Reporting Requirements on Local Exchange Carriers*, Docket No. M-00041857 (Order entered April 15, 2005).

⁵ *PUC Filing and Reporting Requirements on Local Exchange Carriers*, Docket No. M-00041857 (Order entered October 5, 2005).

⁶ *Section 3015(f) Review regarding the Lifeline Tracking Report, Accident Report and Service Outage Report*, Docket No. M-00051900 (Order entered October 5, 2005).

companies.⁷

Prior to the enactment of Act 183, in June 2004, the Pennsylvania House of Representatives passed House Resolution 786, that directed the Legislative Budget and Finance Committee (LB&FC) to conduct a study of the filing and reporting requirements imposed on LECs operating in Pennsylvania and to report its findings. On November 17, 2004, the LB&FC adopted its report (LB&FC Report) entitled *PUC Filing and Reporting Requirements on Local Exchange Carriers*.⁸ The LB&FC identified and analyzed the following 30 reports, filings and other documents: Annual Financial Report, Annual Report of Certificated Interexchange Transporter (IXCs), Annual Report of Residential Account Information, Financial Earnings Report, Annual Depreciation Report, Universal Service Fund contributions, Assessment Report, Annual Tracking of Telecommunications Relay Service Surcharges, Annual Access Line Report, Lifeline Tracking Report, State Tax Adjustment Surcharge, Physical and Cyber Security Planning Self Certification, State Certification of Universal Service Support, Chapter 30 Annual Price Stability Mechanism, Annual Assessment Bill, Interest Rate on Deposit, Monthly Universal Service Fund Carrier Worksheet, Quarterly Slamming Report, Quarterly Cramming Report, Accident Reports, Standard Service Surveillance Level Report, Traffic Usage Studies, Service Outages, Service Life Study Report, Capital Investment Plan Report, Service Records, Affiliated Interest Agreements, Network Modernization Plans, Supplemental Assessment, and Collocation Report.

This inventory of reports became the framework for the Commission's analysis of current LEC reporting requirements in light of the provisions of the new Chapter 30.

⁷ Section 3015(f) Review regarding the Lifeline Tracking Report, Accident Report and Service Outage Report, Docket No. M-00051900 (Order adopted December 15, 2005).

⁸ In its Report, the LB&FC had five primary recommendations. Overall, the LB&FC Report recommended that the Commission begin the process of eliminating regulations requiring reports to reduce the regulatory requirements for LECs in Pennsylvania. The LB&FC recommended that this process be performed in several ways including updating the Commission's current computer capability, consolidating similar information in various reports, and eliminating regulations requiring reports that

Discussion

Chapter 30 sets forth reporting requirements for LECs. Although various sections of Chapter 30 provide the Commission with the authority to require information from LECs, as stated previously, section 3015(e) provides that the Commission's filing and audit requirements for a LEC that is operating under an amended network modernization plan are limited to nine enumerated reports, subject to the previously mentioned exceptions.

Based on these provisions, the Commission, in its Final Implementation Order at Docket No. M-00041857, determined that certain LEC reporting requirements are to be eliminated. The Commission offers for public consideration this proposed rulemaking to eliminate certain reports currently filed by LECs. The reports proposed for elimination include the Financial Earnings Report (52 Pa. Code §71.3); Annual Depreciation Report (52 Pa. Code §73.3); Interest Rate on Deposits Report (52 Pa. Code §64.41 and Order entered November 5, 1998 at Docket No. P-00981357); Service Life Study Report (52 Pa. Code §73.5); Capital Investment Report (52 Pa. Code §73.7); Quarterly Cramming Report (52 Pa. Code §64.23); Quarterly Slamming Report (52 Pa. Code §64.23) and the Collocation Report.⁹ In addition, the Commission is proposing to amend its regulations to require the filing of residential account information on an annual basis rather than on a quarterly basis as currently prescribed by 52 Pa. Code §64.201(b).

have been temporarily waived, suspended or otherwise no longer required. LB&FC Report at S-3-4.

⁹ Presently, the collocation report requires ILECs or CLECs that collocate switches in Verizon Pennsylvania Inc.'s central offices to report such activity in accordance with the Commission's September 4, 2001 Order. *Bell-Atlantic Supplement to Pa. P.U.C. No. 216 and Pa. P.U.C. No. 218 to become effective July 27, 1999 regarding the FCC's New Requirements on Incumbent Local Exchange Carriers for the Provision of Collocation Service used for Exchange Access and Mandated Compliance via State Tariffs, SGATS and/or Individual Interconnection Agreements*, Docket No. R-00994697 (Order entered September 4, 2001). On February 14, 2005, the Commission eliminated this reporting requirement through a Secretarial Letter to all ILECs and CLECs. In the Final Implementation Order, we affirmed our determination concerning collocation reports and concluded that no further action is necessary. Since there is no current regulation concerning this reporting requirement, the elimination of this reporting requirement is in accordance with section 703(g) of Title 66 as discussed in our Tentative and Final Implementation Orders at Docket No. M-00041857.

In a companion order addressing section 3015(f)(1) of Chapter 30, the Commission also determined that accident reports are no longer required because there is no adequate nexus relating to whether rates are just and reasonable as prescribed by Chapter 30 and Title 66. Accordingly, the Commission found that telecommunications companies do not have to file accident reports as required by our regulations at section 63.11.

1. Financial (Earnings) Report

The Commission's regulations at section 71.3¹⁰ currently require that certain LECs with annual intrastate gross revenue in excess of \$1 million file financial earnings reports. Companies with annual intrastate gross revenue in excess of \$1 million but less than \$10 million are currently required to file annually. Companies with annual intrastate gross revenue in excess of \$10 million must file semiannually. In 2001, the Commission streamlined the reporting requirements for financial earnings information by reducing the filing intervals as described above.¹¹

In its Tentative Implementation Order, the Commission decided to continue to waive the financial earnings report as required in our regulations at section 71.3¹² as set forth in the March 11, 2005 Secretarial Letter at Docket No. M-00041857. At the same time, the Commission directed staff to immediately initiate a rulemaking proceeding to eliminate this regulation, for telecommunications carriers only, in accordance with the discussion in the Tentative Implementation Order. Further, in accordance with Section 703(g) of Title 66,¹³ the Commission concluded that it would rescind its December 4, 2001 Order that streamlined the reporting requirements for financial earnings information filed by LECs, subject to consideration of any comments to the contrary.

¹⁰ Section 71.3 requires that LECs with annual intrastate gross revenue in excess of \$1 million file financial earnings reports. 52 Pa. Code §71.3.

¹¹ *Adequacy and Interpretation of Existing Accounting Procedures and Financial Reporting Regulations for all Telecommunications Carriers*, Docket No. L-00010153 (Order entered December 4, 2001).

¹² 52 Pa. Code §71.3.

¹³ 66 Pa. C.S. §703(g).

The Commission affirmed in its October 5, 2005 Final Implementation Order that the list of reports permitted by Chapter 30 does not include a separate financial earnings report of the type required by section 71.3 of our regulations. Therefore, the Commission proposes that this regulation be eliminated. On a going-forward basis, the Commission can rely on the income statement data in the annual financial report¹⁴ permitted by section 3015(e)(1) to monitor the earnings and financial health of LECs.

2. Annual Depreciation Report

Section 73.3¹⁵ of the Commission's regulations requires LECs to file an annual depreciation report. This reporting requirement applies to all telecommunications carriers with over 50,000 access lines that have annual gross intrastate operating revenues in excess of \$20 million. Currently, eight telecommunications companies are required to file this annual report.¹⁶

The Commission determined, in its Tentative Implementation Order, that the annual depreciation report required at section 73.3¹⁷ of our regulations is waived and subject to elimination through the rulemaking process. The Commission determined that sections 3014(f)(1) and 3015(e)(1) require the filing of depreciation reports in the form specified by sections 73.3 – 73.4 with NMP biennial reports. At the same time, the Commission directed staff to determine whether a streamlined form of the information

¹⁴ LECs continue to be required to file annual financial reports in accordance with the Commission's regulations at section 63.36. 52 Pa. Code §63.63. The form of the annual financial report for LECs has been determined by our Final Implementation Order regarding LEC reporting requirements. *PUC Filing and Reporting Requirements on Local Exchange Carriers*, Docket No. M-00041857 (Order entered October 5, 2005).

¹⁵ 52 Pa. Code §73.3.

¹⁶ Alltel, Commonwealth Telephone Company, Conestoga Telephone Company, D&E Telephone Company, North Pittsburgh Telephone Company, United Telephone Company, Verizon North Inc. and Verizon Pennsylvania Inc. LB&FC Report at 11.

¹⁷ 52 Pa. Code §73.3.

specified in sections 73.3 – 73.4 can be adequate to verify LEC compliance with its NMP obligations.

In its October 5, 2005 Final Implementation Order, the Commission concluded that the list of reports permitted by Chapter 30 does not include a separate annual depreciation report of the type required by section 73.3 of our regulations. Nevertheless, depreciation information must be submitted in a LEC's NMP biennial report in accordance with section 3014(f)(1)¹⁸ in the format required as of July 1, 2004. Because the list of reports permitted by section 3015(e) does not include a separate annual depreciation report and the LECs' NMP reports will include the appropriate annual depreciation information needed to verify the companies' NMP obligations, we propose that the annual depreciation report required by our regulations be eliminated.

3. Interest Rate on Deposits

Section 64.41 of the Commission's regulations¹⁹ currently require that LECs pay interest rates on customer deposits on a yearly basis. This information is required to be reported to the Commission by its 1998 Order at Docket No. P-00981357.²⁰ The purpose of the reporting is to compare customer deposits taken for the current year with that of prior years.

In the Tentative Implementation Order, the Commission found that the interest rate on deposits report is no longer needed as a separate filing with the Commission.

¹⁸ The Commission notes that sections 3014(f)(1) and 3015(e)(1) continue to require the filing of biennial reports in the detail and form required by the Commission as of July 1, 2004,¹⁸ unless the Commission reduces such reporting requirements. The Commission's reporting requirements for biennial updates currently include a requirement to file depreciation reports in the form specified by sections 73.3 – 73.4. However, we note that the Commission staff remains obligated to review and explore means to streamline, where appropriate, the annual depreciation information submitted in the LECs' NMP reports.

¹⁹ 52 Pa. Code § 64.41.

²⁰ *Petition of the Pennsylvania Telephone Association for Waiver of the Pennsylvania Public Utility Commission's Regulation at 52 Pa. Code §64.41*, Docket No. P-00981357 (Order entered November 5, 1998).

Therefore, we concluded that this reporting requirement should be eliminated for telecommunications carriers.

No comments were filed concerning the Commission's tentative determination that the interest rate on deposits report was no longer needed. Therefore, the Commission affirmed its decision in the Final Implementation Order that this reporting requirement is no longer needed as a separate filing with the Commission. The Commission rescinded its Order at Docket No. P-00981357 in accordance with section 703(g) of the Public Utility Code²¹ to eliminate this reporting requirement.

At this juncture, we propose to modify our regulation at section 64.41 to reflect that the LECs are no longer required to pay an interest rate of 9% per annum on customer deposits. In the Commission's Order at Docket No. P-00981357, we determined that all jurisdictional LECs must calculate interest rates on customer deposits based on the rates of the interest posted for 1-year U.S. Treasury bills for the months of September, October, and November of the previous year. However, this standard, the 1-year Treasury bill, is no longer issued by the United States Treasury Department.²² Therefore, we propose to update section 64.41 of our regulations to incorporate the interest rate for customer deposits as set forth in Chapter 14 of the Public Utility Code.²³

4. Service Life Study Report

Section 73.5 of our regulations²⁴ requires telephone utilities providing telephone service with over 50,000 access lines or having gross operating revenues in excess of \$20 million per year to file service life study reports triennially to reflect estimates for each

²¹ 66 Pa. C.S. §703(g).

²² See www.treas.gov.

²³ 66 Pa. C.S. §1404(c)(6). This section states that the interest rate on customer deposits for electric, gas and water utilities is set at the legal rate of interest pursuant to section 202 of the act of January 30, 1974 (P.L. 13, No. 6), referred to as the Loan Interest and Protection Law. Currently, this interest rate is approximately 6 percent.

depreciable group of utility plant used in determining annual depreciation expense. Currently, this reporting requirement applies to the eight largest incumbent local exchange carriers (ILECs) but has been waived since 2001.²⁵

In our Tentative Implementation Order, the Commission determined that the list of reports permitted by Chapter 30 does not include a separate service life study report of the type required by section 73.5 of our regulations. We also concluded that this reporting requirement should be waived and staff should commence a rulemaking proceeding to eliminate the regulation. In addition, the Commission concluded that each LEC remains obligated to file service life study information in the form specified by section 73.5 of our regulations as part of the NMP biennial report consistent with sections 3014(f)(1) and 3015(e)(1) of Chapter 30.²⁶

In the Commission's Final Implementation Order, we affirmed that, based upon our review of Chapter 30 at section 3015(e), the list of reports did not include a separate service life study report of the type required by section 73.5 of our regulations. In addition, we noted that this reporting requirement has been waived since 2001. At the same time, we noted that sections 3014(f)(1) and 3015(e)(1) continue to require the filing of biennial reports in the detail and form required by the Commission as of July 1, 2004,²⁷ unless the Commission reduces such reporting requirements.²⁸ Because the list of reports permitted by section 3015(e) does not include a separate service life study

²⁴ 52 Pa. Code §73.5.

²⁵ *Petition of Alltel Pennsylvania, Inc. Commonwealth Telephone Co., Conestoga Telephone and Telegraph Co., D&E Telephone Co. and North Pittsburgh Telephone Co. for a Temporary Waiver of Service Life Study Reporting Requirements Pursuant to 52 Pa. Code § 73.5(b)*, Docket No. P-00011885 (Order entered June 21, 2001).

²⁶ 66 Pa. C. S. §§3014(f)(1) and 3015(e)(1).

²⁷ *Implementation of Chapter 30 of the Public Utility Code: Reporting Requirements for Biennial Updates of Network Modernization Plans Filed Pursuant to 66 Pa. C.S. § 3003(b)(6)*, Docket No. M-00930441 (Order entered May 17, 1999).

²⁸ The Commission's reporting requirements for biennial updates currently includes a requirement to file service life study reports in the form specified by section 73.5. However, we note that the Commission staff remains obligated to review and explore means to streamline, where appropriate, the service life information submitted in the LECs' NMP reports.

report and the LECs' NMP reports will include the appropriate service life information needed to verify the companies' NMP obligations, we propose that the service life study report required by our regulations be eliminated.

5. Capital Investment Plan Report

Section 73.7 of our regulations²⁹ requires a telephone utility having gross intrastate revenues in excess of \$20 million per year or in excess of 50,000 access lines to file a capital investment plan report every three years.³⁰ Currently, this requirement applies to the eight largest ILECs but has been waived since 2001.³¹ The report provides an overview of plans for major project expansion, modification or other alteration of current and proposed facilities.³² This report documents the companies' plans for future plant investment so that any imprudent plant expenditures could be detected. This report provides information regarding investment in the Commonwealth infrastructure and is reviewed in conjunction with the utilities' NMPs.³³

In our Tentative Implementation Order, the Commission determined that the list of reports permitted by Chapter 30 does not include a separate capital investment plan report of the type required by section 73.7 of our regulations. We also concluded that this reporting requirement should be waived and staff should commence a rulemaking proceeding to eliminate the regulation. However, we concluded that each LEC remains obligated to file a capital investment plan report in the form specified by section 73.7 of

²⁹ 52 Pa. Code §73.7.

³⁰ The affected ILECs are as follows: Alltel, Commonwealth Telephone Company, Conestoga Telephone Company, D&E Telephone Company, North Pittsburgh Telephone Company, United Telephone Company, Verizon North Inc., and Verizon Pennsylvania Inc.

³¹ *Petition of Alltel Pennsylvania, Inc., Commonwealth Telephone Co., Conestoga Telephone and Telegraph Co., D&E Telephone Co. and North Pittsburgh Telephone Co. for a Temporary Waiver of the Capital Investment Plan Reporting Requirement Pursuant to 52 Pa. Code §73.7*, Docket No. P-00011917 (Order entered December 5, 2001).

³² LB&FC Report at 34.

³³ *Id.*

our regulations as part of the NMP biennial report consistent with sections 3014(f)(1) and 3015(e)(1).

In the Final Implementation Order, the Commission affirmed that the list of reports permitted by Chapter 30 does not include a capital investment plan report of the type required by Section 73.7 of our regulations. As stated previously, the Commission noted that Sections 3014(f)(1) and 3015(e)(1) continue to require the filing of biennial reports in the detail and form required by the Commission as of July 1, 2004,³⁴ unless the Commission reduces such reporting requirements. The Commission's reporting requirements for biennial updates currently includes a requirement to file capital investment plan reports in the form specified by section 73.7. Indeed, the specific information contained in such capital investment plan reports will be critical to the Commission's ability to evaluate compliance with broadband deployment commitments.³⁵ Because the list of reports permitted by section 3015(e) does not include a separate capital investment plan report and the LECs' NMP reports will include the appropriate capital investment information needed to verify the companies' NMP obligations, we propose that the capital investment plan report required by our regulations be eliminated.

6. Quarterly Cramming Reports

The Commission's regulations at section 64.23(a)(6)³⁶ require LECs to file quarterly cramming reports. The Commission previously granted waivers of this requirement to ILECs having fewer than 50,000 access lines,³⁷ however, all LECs

³⁴ *Implementation of Chapter 30 of the Public Utility Code: Reporting Requirements for Biennial Updates of Network Modernization Plans Filed Pursuant to 66 Pa. C.S. §3003(b)(6)*, Docket No. M-00930441 (Order entered May 17, 1999).

³⁵ However, as with the annual depreciation and service life information, we note that Commission staff remains obligated to review and develop means to streamline, where appropriate, the capital investment plan information for the LECs' NMP reports.

³⁶ 52 Pa. Code § 64.23(a)(6).

³⁷ *Petition of PA Telephone Association for Waiver of Requirements at 52 Pa. Code §64.23(a)(6) and (b)(7)*, Docket No. P-00032050 (Order entered September 18, 2003).

regardless of access line counts must retain records of customer complaints alleging cramming for three years.³⁸ These quarterly reports have provided the Commission with data to monitor cramming complaints received by ILECs with 50,000 or more residential accounts and by CLECs.

In the Tentative Implementation Order, we concluded that the quarterly cramming reports should be discontinued because the Commission does not have jurisdiction over the entities that are primarily responsible for cramming.³⁹ Therefore, in our Tentative Order, we directed staff to immediately initiate a rulemaking to revise section 64.23(a)(6) to eliminate this reporting requirement. In addition, the Commission waived the filing of cramming reports until such time as our revised regulations receive final regulatory approval.

In our Final Implementation Order, the Commission agreed with comments filed by the Office of Consumer Advocate (OCA) that the Commission retains jurisdiction over cramming charges that appear on LEC bills by IXC or non-IXC carriers. Chapter 30 at section 3018(b) clearly retains the Commission's authority to regulate the ordering, installation, restoration and disconnection of interexchange service to customers. In addition, section 3018(d) also provides authority to the Commission to resolve complaints regarding the quality of IXC service.⁴⁰ Further, we agree with the PTA and the OCA that the Commission retains additional authority under section 3019(b)(2) of Chapter 30 to review and revise quality of service standards addressing the ordering, installation, suspension, termination and restoration of any telecommunications service.⁴¹

However, upon our review of Chapter 30, we continue to conclude that we do not

³⁸ See 52 Pa. Code § 64.23(a)(6).

³⁹ Cramming is unauthorized charges added to the customer's bill. 52 Pa. Code §64.23 (a). The three year record keeping requirement and quarterly reporting requirement to the Commission is set forth at 52 Pa. Code §64.23 (a)(6).

⁴⁰ 66 Pa. C.S. §3018(b) and (d).

retain jurisdiction over many of the entities that may cram charges on LECs bills to customers. Because of this determination, we propose that the quarterly cramming reporting requirement at section 64.23(a)(6) be eliminated consistent with the discussion in our Tentative and Final Implementation Orders.

7. Quarterly Slamming Reports

Quarterly slamming⁴² reports are required by Commission regulation at 52 Pa. Code § 64.23(b)(7) and Commission order.⁴³ Waivers of this requirement have been granted to ILECs having fewer than 50,000 access lines,⁴⁴ however, all LECs regardless of access line counts must retain records of customer allegations of slamming for three years.⁴⁵ In the past, these reports have provided the Commission with data to monitor local and long distance slamming complaints received by ILECs with 50,000 or more residential accounts and CLECs.⁴⁶

In its Tentative Implementation Order, the Commission determined that LECs are no longer required to file long distance slamming reports. Since the FCC is responsible for administering and enforcing its slamming liability rules at 47 C.F.R. §§ 64.1140-1180 for interexchange carriers, the Commission found that there is no public need to require reporting in this area. Concurrently, the Commission determined, in the Tentative Order, that information documenting the occurrence of local slamming⁴⁷ remains vital to monitoring the quality of local telephone service, particularly the quality of customer

⁴¹ 66 Pa. C.S. §3019(b)(2).

⁴² Slamming is an unauthorized change to the customer's long distance carrier. 52 Pa. Code § 64.23(b).

⁴³ *Proposed Rulemaking and Final Interim Guidelines for Standardizing Local Exchange Company Responses to Customer Contacts Alleging Unauthorized Changes to Customers' Telecommunications Service Providers and Unauthorized Charges to Customers' Bills*, Docket Nos. L-00990140 and M-00981063 (Order entered January 14, 1999).

⁴⁴ *Petition of PA Telephone Association for Waiver of Requirements at 52 Pa. Code § 64.23(a),(6) and (b)(7)*, Docket No. P-00032050 (Order entered September 18, 2003).

⁴⁵ See 52 Pa. Code § 64.23(b)(7).

⁴⁶ LB&FC Report at 25.

⁴⁷ Slamming is an unauthorized change to the customer's long distance carrier. 52 Pa. Code §64.23 (b).

service and consumer protection. Therefore, the Commission concluded that section 3015(e)(4) allows the Commission to require information regarding customer service to be filed in an annual service report so that the Commission can fulfill its statutory duties of service quality and consumer protection.

In reviewing the comments submitted and the provisions of Chapter 30, the Commission affirmed in its Final Implementation Order that LECs are no longer required to report long distance slamming pursuant to the discussion in that Order. Concerning local slamming, the Commission agreed with the participants that urged the Commission to eliminate the local slamming report. Although the Commission determined that section 3019(b)(2) clearly retains the authority to address service standards and consumer protection, we found that the local slamming report should be eliminated with the caveat that incidents of local slamming should continue to be maintained by the LECs for a minimum of three years as required by our regulations at section 64.23(b)(7). In addition, in the event that the Commission requests slamming information for inspection and review, we ordered that the LECs continue to be required to furnish such information to the Commission upon request in accordance with sections 505 and 506 of Title 66. Therefore, the Commission ordered that a rulemaking be initiated to revise its regulations to eliminate reporting as required by our regulations at section 64.23(b)(7) for long distance and local slamming complaints. The Commission further determined that a waiver of the quarterly report filing will remain in effect until such time as regulations revised in accordance with this discussion receive final regulatory approval.

Therefore, the Commission proposes to eliminate the quarterly reporting obligation for both long distance and local slamming as required by our regulations at section 64.23(b)(7). In addition, the Commission initiates this rulemaking to eliminate the LECs' obligation to report incidents of long distance slamming pursuant to the discussion in this Order. However, the three-year maintenance requirement for all records of customer allegations of slamming in section 64.23 (b) (7) is a record keeping

requirement and not a reporting requirement and as such, remains in effect for all LECs pending further regulatory action.

8. Residential Account Information

The Commission's regulations at sections 64.201(a) and (b)⁴⁸ require LECs to file residential account information reflecting billing and collection practices including customer disputes. Section 64.201(a) requires LECs that have less than 50,000 residential accounts to file an annual report by March 31 containing information about their residential accounts as prescribed by section 64.201(c)⁴⁹ of the regulation. Section 64.201(b) requires that LECs with more than 50,000 residential accounts file quarterly and annual reports containing information about their residential accounts as prescribed by section 64.201(c) of the regulation.⁵⁰

In the Tentative Implementation Order, the Commission determined that, in accordance with Chapter 30, the information currently required at sections 64.201(a) and (b) is to be filed on an annual basis as part of the annual service report listed in section 3015(e)(4).⁵¹ The Commission based its tentative conclusion on section 3019(b)(2) of Chapter 30 that retains the Commission's authority to review and revise its regulations concerning the ordering, installation, suspension and termination of any telecommunication service. Also, the Commission determined that our regulations at

⁴⁸ 52 Pa. Code §§64.201(a) and (b).

⁴⁹ 52 Pa. Code §64.201(c) requires that LECs include information regarding the average number of residential accounts per month, the average monthly residential customer bill, the average number of overdue residential accounts per month, the average overdue residential customer bill per month, the average number of residential basic service suspension notices and suspensions per month, LECs' gross revenues from residential accounts, LECs' gross and net write-offs of uncollectible residential accounts, and the total number of Chapter 64 disputes.

⁵⁰ The LB&FC Report states that the Commission uses these reports to monitor all LECs billing and collection practices and billing dispute volumes to determine trends in customer service including problem areas and corrective actions. The LB&FC Report also indicates that this information is used by the Commission for operational audits and measuring residential telecommunications competition. LB&FC Report at 7.

section 64.201(b) that require quarterly filings be waived to reduce the filing to an annual basis in order to comply with Chapter 30. Thus, we directed Commission staff to begin a rulemaking to eliminate the quarterly filings of the information required at sections 64.201(b) if no adverse comments were received.

In the Final Implementation Order, the Commission determined that both incumbent and competitive LECs will continue to provide information in accordance with our current regulations at section 64.201 but on an annual basis. Also, the Commission found that the use of standardized data permits the Commission to compare companies on service quality issues over time as permitted by section 3019 of Chapter 30 so that it can review and revise its regulations to address and update service quality standards.

Therefore, we propose to change the quarterly filings requirement at section 64.201 to annual reporting consistent with the provisions of Chapter 30 and the discussion in our previous orders.

9. Accident Reports

Accident reports, as required by the Commission's regulations at section 63.11 and section 1508 of Title 66,⁵² require all public utilities, including LECs, to file reports following an accident resulting in the death of a person or an occurrence of an unusual nature. The purpose of the report is to have information provided to the Commission so that it can monitor serious accidents involving facilities or operations of all public utilities.⁵³

⁵¹ 66 Pa. C. S. §3014(e)(4).

⁵² 52 Pa. Code §63.11 and 66 Pa. C.S. §1508. Specifically, section 1508 provides that every public utility give immediate notice to the Commission of any accident in or about, or in connection with, the operation of its service and facilities, when a person has been killed or injured.

⁵³ LB&FC Report at 28.

In its Final Order addressing section 3015(f) of Chapter 30, the Commission determined that accident reports do not have a direct nexus to the rates charged by LECs in accordance with Chapter 30 and their alternative forms of regulation sufficient to satisfy section 3015(f)(1)(i). Accordingly, the Commission found that accident reports are no longer required under our regulations at section 63.11 and section 1508 of Title 66.⁵⁴

Therefore, we propose to eliminate the accident reporting obligation, on a per occurrence basis, for telecommunications companies as required by our regulations at section 63.11.

Conclusion

The Commission seeks comment regarding the proposed changes in our regulations from the telecommunications industry and the statutory advocates, as well as from any other interested member of the public. Interested parties will have 30 days from the publication of this order to file comments. We advise those that will be submitting comments in this proceeding to include specific section references to the proposed regulations. We are committed to completing the revisions to our procedural regulations in a timely fashion and, therefore, absent good cause, no extensions will be granted for the filing of comments. Accordingly, pursuant to sections 501 of the Public Utility Code, 66 PA.C.S. § 501, and the Commonwealth Document Law, 45 P.S. §§ 2101, *et seq.* and regulations promulgated there under at 1 Pa. Code §§ 7.1-7.4, we amend the regulations as noted above and as set forth in Annex A; **THEREFORE,**

⁵⁴ 52 Pa. Code §63.11 and 66 Pa.C.S. §1508. *Section 3015(f) Review regarding the Lifeline Tracking Report, Accident Report and Service Outage Report*, Docket No. M-00051900 (Order adopted December

IT IS ORDERED:

1. That a Rulemaking proceeding is hereby initiated at this docket to consider the revisions to regulations set forth in Annex A.
2. That the Secretary shall submit a copy of this Order and Annex A to the Office of Attorney General for preliminary review as to form and legality.
3. That the Secretary shall submit a copy of this Order and Annex A to the Governor's Budget Office for review of fiscal impact.
4. That the Secretary shall submit this Order and Annex A for review and comments by the Independent Regulatory Review Commission and the designated Legislative Standing Committees.
5. That the Secretary shall certify this Order and Annex A and deposit them with the Legislative Reference Bureau to be published in the *Pennsylvania Bulletin*.
6. That a copy of this Order and Annex A shall be served upon the Office of Consumer Advocate, the Office of Small Business Advocate, the Office of Trial Staff, and upon all jurisdictional local exchange carriers.
7. That interested persons may submit an original and 15 copies of any comments referencing the docket number of the proposed regulations within 30 days of publication in the *Pennsylvania Bulletin* to the Pennsylvania Public Utility Commission, Attn: Secretary, P.O. Box 3265, Harrisburg, PA 17105-3265. One copy of a diskette containing the comments in electronic format should also be submitted. A courtesy copy of all written comments shall be served upon the Commission's Law Bureau, ATTN: Assistant Counsel Lois Burns.

15, 2005).

8. That comments should include, where appropriate, a numerical reference to the proposed regulation(s) that the comment addresses, any proposed language for revision, and a clear explanation for the recommendation.

9. That the contact person for this rulemaking is Lois Burns, Assistant Counsel, Law Bureau, 717-787-5000. Alternate formats of this document are available to persons with disabilities and may be obtained by contacting Sherri DelBiondo, Regulatory Coordinator, Law Bureau, 717-772-4579.

BY THE COMMISSION

James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: December 15, 2005

ORDER ENTERED: January 3, 2006

ANNEX A

TITLE 52. PUBLIC UTILITIES
PART 1. PUBLIC UTILITY COMMISSION
Subpart C. FIXED SERVICE UTILITIES
CHAPTER 63. TELEPHONE SERVICE
Subchapter B. Services and Facilities

§63.11. [Accident reports.] (Reserved).

[(a) *General*. A public utility shall submit a report of a reportable accident involving the facilities or operations of the public utility in this Commonwealth. The report shall be addressed to the Secretary of the Commission.

(b) *Reportable accidents*. Reportable accidents are those involving utility facilities or operations which result in one or more of the following circumstances:

- (1) The death of a person.
- (2) Injury to an employe on duty sufficient to incapacitate him from performing his ordinary duties for a period longer than 3 days.
- (3) Injury to a person other than an employe on duty sufficient to incapacitate the injured person from following his customary vocation, or mode of life, for a period of more than 1 day.
- (4) An occurrence of an unusual nature, whether or not death or injury of a person results, which apparently will result in a prolonged and serious interruption of normal service.

(c) *Telegraphic reports*. A report by telephone or telegraph shall be made at once in the event of the occurrence of a reportable accident resulting in the death of a person, or in the event of an occurrence of an unusual nature.

(d) *Written reports*. A written report shall be made on Form UCTA-8 immediately following the occurrence of a reportable accident as defined in subsection (b). Accidents reportable to the Commission, which reports are also required by the Bureau of Workmen's Compensation, Department of Labor and Industry, may be reported by transmitting a copy of the reports in lieu of a report on Form UCTA-8.]

**CHAPTER 64. STANDARDS AND BILLING PRACTICES FOR
RESIDENTIAL TELEPHONE SERVICE
Subchapter B. PAYMENT AND BILLING STANDARDS**

* * * * *

§ 64.23. Standardizing LEC responses to customer contacts alleging unauthorized charges added to the customer's bill (cramming) and unauthorized changes to the customer's long distance carrier (slamming).

(a) *Cramming.* Upon contact from a customer alleging that cramming has occurred on the bill rendered to the customer by the LEC, the LEC shall do the following:

* * * * *

(6) Maintain for a minimum of 3 years records of all customer complaints of cramming in order to monitor adherence to the terms of the billing contract the LEC has with the service provider or billing agent, or both, relating to cancellation of the contract for excessive cramming complaints. [Submit quarterly reports summarizing the records to the Commission's Office of Trial Staff and Bureau of Consumer Services in a format prescribed by those bureaus.]

(b) *Slamming.* Upon contact from a customer alleging that slamming has occurred on one or both of the past two bills rendered to the customer by the LEC, regardless of dates of charges, the LEC shall do the following:

* * * * *

(7) Maintain for a minimum of 3 years records of all customer allegations of slamming [and submit quarterly reports summarizing the records to the Commission's Office of Trial Staff and Bureau of Consumer Services in a format prescribed by those bureaus].

Subchapter C. CREDIT AND DEPOSIT STANDARDS POLICY

* * * * *

§64.41. Interest.

Interest [at the rate of 9% per annum] calculated pursuant to section 202 of the act of January 30, 1974 (P.L. 13, No. 6), referred to as the Loan Interest and Protection Law

shall be payable on deposits without deductions for taxes thereon. Interest shall be paid annually to the customer or, at the option of either the LEC or the customer, shall be applied to the customer's bill.

* * * * *

Subchapter J. ANNUAL LEC REPORTING REQUIREMENTS

§64.201. Reporting Requirements.

(a) [*Utilities with less than 50,000 residential accounts.*] Within 90 days after the end of each calendar year, each LEC with [less than 50,000] residential accounts shall file with the Commission an annual report containing residential account information as listed in subsection [(c)] (b) for the previous calendar year.

(b) [*Utilities with more than 50,000 residential accounts.*] Within 90 days after the end of each of the first 3 quarters of the calendar year, each LEC with 50,000 or more residential accounts shall file with the Commission a quarterly report containing residential account information as listed in subsection (c)(1)-(7) and (11). The LEC shall also file an annual report containing residential account information as listed at subsection (c) within 90 days after the end of the calendar year.

(c) ***

* * * * *

CHAPTER 71. FINANCIAL REPORTS

* * * * *

§ 71.3. Filing Requirements.

* * * * *

(b) [Incumbent local exchange telecommunications utilities with annual intrastate gross revenues in excess of \$10 million shall file a financial report for the 12-month period ending each June 30 and December 31.

(c) The following public utilities shall file a financial report for the 12-month period ending each December 31:

(1) Electric utilities with annual intrastate gross revenues in excess of \$1 million.

(2) [Incumbent local exchange telecommunications utilities with annual intrastate gross revenues in excess of \$1 million but which do not exceed \$10 million.

(3)] Gas distribution utilities having annual intrastate gross revenues in excess of \$1 million but which do not exceed \$10 million.

[(4)] (3) * * *

[(d)] (c) * * *

[(e)] (d) * * *

* * * * *

CHAPTER 73. ANNUAL DEPRECIATION REPORTS, SERVICE LIFE STUDIES AND CAPITAL INVESTMENT PLANS

* * * * *

§ 73.3. Annual depreciation reports.

(a) A public utility providing electric service, gas service or water service which has gross intrastate revenues in excess of \$20 million per year, except telecommunications interexchange carriers and gas and petroleum transportation pipeline companies, shall file an annual depreciation report with the Office of Special Assistants under this chapter. [Public utilities providing telephone service with over 50,000 access lines or which have gross operating revenues in excess of \$20 million per year shall also be required to file an annual depreciation report.]

(b) The due dates for the annual depreciation report are as follows:

(1) Electric, water, [telephone] and gas public utilities reports are due on or before June 30.

* * * * *

§ 73.5. Service life study report.

* * * * *

(b) [A telephone utility having gross intrastate revenues in excess of \$20 million per

year, except telecommunications interexchange carriers, resellers' of telecommunication services and radio common carriers, shall file a service life study report every 3 years. Public utilities providing telephone service with over 50,000 access lines or having gross operating revenues in excess of \$20 million per year shall also be required to file a service life study report. The first service life study report shall be filed with the Office of Special Assistants by August 31, 1998.

(c)] The due dates for the service life study report are as follows:

(1) Electric, water, [telephone] and gas public utilities are due on or before August 31.

* * * * *

§ 73.7. Capital investment plan report.

* * * * *

(b) [A telephone utility having gross intrastate revenues in excess of \$20 million per year or access lines in excess of 50,000, except telecommunications interexchange carriers, resellers' of telecommunication services and radio common carriers, shall file a capital investment plan report every 3 years. The first capital investment plan report shall be filed with the Office of Special Assistants by August 31, 1998.

(c)] Thereafter, the capital investment plan report for electric, water, [telephone] and gas public utilities shall be filed with the Office of Special Assistants on or before August 31 of the year in which the report is due.

[(d)] (c) * * *

* * * * *



PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG, PENNSYLVANIA

WENDELL F. HOLLAND
CHAIRMAN

April 11, 2006

The Honorable John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
14th Floor, Harristown II
333 Market Street
Harrisburg, PA 17101

Re: L-00050076/57-247
Proposed Rulemaking
PUC Filing and Reporting Requirements on
Local Exchange Carriers
52 Pa. Code, Chapters 63, 64, 71 and 73

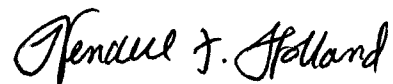
Dear Chairman McGinley:

Enclosed please find one (1) copy of the proposed rulemaking and the Regulatory Analysis Form prepared in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." Pursuant to Section 5(a) of the Regulatory Review Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15) the Commission is submitting today a copy of the proposed rulemaking and Regulatory Analysis Form to the Chairman of the House Committee on Consumer Affairs and to the Chairman of the Senate Committee on Consumer Protection and Professional Licensure.

The purpose of this proposal is to eliminate certain filing and reporting requirements for LECs. The contact person is Assistant Counsel Lois Burns, Law Bureau, 787-5000.

The proposal has been deposited for publication with the
Legislative Reference Bureau.

Very truly yours,

A handwritten signature in black ink that reads "Wendell F. Holland". The signature is written in a cursive style with a large initial 'W'.

Wendell F. Holland
Chairman

Enclosures

cc: The Honorable Robert M. Tomlinson
The Honorable Lisa Boscola
The Honorable Robert J. Flick
The Honorable Joseph Preston, Jr.
Legislative Affairs Director Perry
Chief Counsel Pankiw
Assistant Counsel Burns
Regulatory Coordinator DeBiondo
Judy Bailets, Governor's Policy Office

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT
TO THE REGULATORY REVIEW ACT

RECEIVED

2006 APR 11 AM 11:08

ID Number: L-00050176/57-247

Subject: PUC Filing and Reporting Requirements on Local
Exchange Carriers

INDEPENDENT REGULATORY
REVIEW COMMISSION

Pennsylvania Public Utility Commission

TYPE OF REGULATION

- Proposed Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted.
- Final Regulation
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor

FILING OF REPORT

<u>Date</u>	<u>Signature</u>	<u>Designation</u>
4/11/06	<i>Linda Lascosque</i>	HOUSE COMMITTEE Consumer Affairs
4/11/06	<i>Healy Penn</i>	SENATE COMMITTEE Consumer Protection and Professional Licensure
4/11/06	<i>Kathy Cooper</i>	Independent Regulatory Review Commission
		Attorney General
		Legislative Reference Bureau