

HOUSE RESEARCH

Bill Summary

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Authors: Davids

Subject: Depreciation of Telephone Company Equipment

Analyst: Jeanne M. Cochran, 651-296-8961

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Overview

The bill as amended modifies the existing law relating to depreciation of telephone equipment. Under the amended version of the bill, telephone companies would have more flexibility in the depreciation of telephone equipment. At the same time, the Public Utilities Commission (PUC) would have the discretion to fix depreciation rates and methods with respect to a particular telephone company only for limited purposes.

Section

- 1 **Depreciation of telephone company equipment.** Amends the existing depreciation law to provide that the PUC would have *the discretion* to fix depreciation rates and methods with respect to a particular telephone company *but only* for purposes of a proceeding to determine or investigate wholesale or retail rates or to set any level of universal service support. Deletes the language in existing law requiring a telephone company to depreciate its equipment according to rates and methods set by the PUC. Additionally, the amendment includes language requiring retention of depreciation records and account information which is substantially similar to that found in Minnesota Rules Part 7810.7400.
- 2 **Repealer.** Repeals the following provisions:
 - 237.773, subdivision 5 - a provision relating to depreciation with regard to alternative form of regulation plans for small telephone companies; and
 - rules relating to depreciation adopted by the PUC to implement Minnesota Statutes, section 237.22, all of which have been suspended by the PUC except for Minnesota Rules, part 7810.7400 which is incorporated into Minnesota Statutes section 237.22 as discussed above.
- 3 **Effective date.** Provides that sections 1 and 2 are effective the day following final enactment.