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Sequence Number: 02-07-15
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Effective Date: 5/12/15

Rulemaking Hearing Rule(s) Filing Form

Rulemaking Hearing Rules are rules filed after and as a result of a rulemaking hearing. T.C.A. § 4-5-205

List whether rules include fees as specified in §§ 4-5-229. Fees must be submitted as a separate filing. New fees or fee increases promulgated by state agencies shall take effect on July 1, following expiration of the 90 days provided in §§ 4-5-207.

FEES:
____ *§§ 4-5-229 APPLIES (If applies, see the Fees Filing Form)*
× *§§ 4-5-229 DOES NOT APPLY*

Agency/Board/Commission:	Tennessee Regulatory Authority
Division:	Legal Division
Contact Person:	Jean Stone
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Revision Type (check all that apply):
× Amendment
____ New
× Repeal

Rule(s) Revised (**ALL** chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please enter only **ONE** Rule Number/Rule Title per row)

Chapter Number	**Chapter Title**
1220-03-01	Rules and Regulations Governing Railroads
Rule Number	**Rule Title**

Chapter Number	**Chapter Title**
1220-04-01	General Public Utilities Rules
Rule Number	**Rule Title**
1220-04-01-.01	Capital Additions Budgets of Utilities
1220-04-01-.10	Reports - Uniform Financial Report Forms
1220-04-01-.11	Uniform System of Accounting

Chapter Number	**Chapter Title**
1220-04-06	Ten Year Master Plan for Technology Deployment by Telephone Companies
Rule Number	**Rule Title**

(Place substance of rules and other info here. Statutory authority must be given for each rule change. For information on formatting rules go to http://state.tn.us/sos/rules/1360/1360.htm)

1220-03-01
Rules and Regulations Governing Railroads

Repeal

Rule 1220-03-01 Rules and Regulations Governing Railroads is repealed in its entirety.

Authority T.C.A § 65-2-102.

1220-04-06
Ten Year Master Plan for Technology Deployment by Telephone Companies

Repeal

Rule 1220-04-06 Ten Year Master Plan for Technology Deployment by Telephone Companies is repealed in its entirety.

Authority T.C.A. §§ 65-2-102 and 65-4-104.

1220-04-01
General Public Utilities Rules
Amendments

Rule 1220-04-01-.01 Capital Additions Budgets of Utilities is amended by deleting paragraph (3) in its entirety and renumbering the remaining paragraphs accordingly, so that as amended, the new rule shall read:

1220-04-01-.01 Capital Additions Budgets of Utilities.

(1) All public utilities operating in the State of Tennessee shall submit one (1) copy of the following information on an annual basis, to be filed no later than ninety (90) days after the beginning of the current fiscal year with the Chief, Utilities Division or as otherwise agreed upon.

(a) Projected expenditures on capital construction projects both routine and specific for the current year.

(b) For the current year a brief description of the nature, location and necessity of individual specific projects. Individual specific projects are those projects which for public utilities having more than 300,000 customers in their Tennessee jurisdiction any addition to plant where the cost of the project exceeds $200,000. For public utilities having between 30,000 and 300,000 customers in their Tennessee jurisdiction, any addition to plant where the cost of the project exceeds $100,000. For public utilities having less than 30,000 customers in their Tennessee jurisdiction, any addition to plant where the cost of the project exceeds $50,000.00.

(c) New projects over the above thresholds that arise during the reporting year as well as reported projects that are later deferred or canceled should be reported at the time of such decisions if they significantly impact customer service. A summary of all changes, together with reasons for change will be included as a supplement to the following year's annual report.

(2) Those utilities that, pursuant to Rule l220-4-2-.55, prepare Tennessee specific capital addition budgets for the first and second following years shall also file similar information for these years with the filing in (a) above.

(3) An annual conference, where appropriate, will be scheduled for each utility as required by the Authority's Staff for clarification of the submitted capital additions budgets. The review of such

information at an annual conference will not necessarily constitute approval of a utility proposed capital addition.

Authority T.C.A. § 65-2-102.

Rule 1220-04-01-.10 Reports - Uniform Financial Report Forms is amended by deleting subparagraph 2(e), including its parts, and subparagraph 3(e) in their entirety and renumbering the remaining subparagraphs accordingly, so that as amended, the new paragraphs shall read:

1220-04-01-.10 Reports - Uniform Financial Report Forms.

(2) Type of Public Utilities

(a) Telephone Utility Companies

1. All companies subject to the jurisdiction of the Authority as set forth in T.C.A. §65-4-101, which are either a subsidiary of a holding company or have in excess of 6,000 access lines shall submit monthly to this Authority Monthly Report Form TRA-3.01 within sixty (60) days after the end of the month covered by the report. The Monthly Report Form shall be completed by each company to the extent data is available.

2. All companies subject to the jurisdiction of the Authority as set forth in T.C.A. §65-4-101, which are not a subsidiary of a holding company and have less than 6,000 access lines shall submit quarterly to this Authority Quarterly Report Form TRA-3.02 within sixty (60) days after the end of the quarter covered by the report. The Quarterly Report Form shall be completed by each company to the extent data is available.

3. All companies operating pursuant to price regulation under T.C.A. § 65-5-109 shall submit to the Authority the above report annually, for the twelve months ending December, or for the company's fiscal year, if different, within sixty (60) days after the end of the twelve (12) month period covered by the report.

(b) Gas Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of $1,500,000 shall submit monthly to this Authority, Monthly Report Form TRA-3.03 sixty (60) days after the end of the month covered by the report.

2. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year of $1,500,000 or less shall submit quarterly to this Authority, Quarterly Report Form TRA-3.04 sixty (60) days after the end of the quarter covered by the report.

(c) Electric Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues from operations within Tennessee for the preceding year in excess of $1,500,000 shall submit monthly to this Authority, Monthly Report Form TRA-3.05 sixty (60) days after the end of the month covered by the report.

(d) Water Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of $1,500,000 shall submit monthly to this Authority, Monthly Report Form TRA-3.06 sixty (60) days after the end of the month covered by the report.

2. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of $100,000 but less than

$1,500,000 shall submit to this Authority, Quarterly Report Form TRA-3.07 sixty (60) days after the end of the month covered by the report.

(e) Sewer Utility Companies

1. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A. §65-4-101, which had operating revenues for the preceding year in excess of $1,500,000, shall submit monthly to this Authority Monthly Report Form TRA-3.18 sixty (60) days after the end of the month covered by the report.

2. All companies subject to the jurisdiction of this Authority, as set forth in T.C.A §65-4-10l, which had operating revenues for the preceding year in excess of $100,000 but less than $1,500,000, shall submit quarterly to this Authority, Quarterly Report Form TRA-3.19, sixty (60) days after the end of the quarter covered by the report.

(3) Uniform Financial Report Forms

The following report forms which are attached to his order as Appendix A shall be used by the utility companies, as designated in paragraph (2) of this rule:

(a) Telephone Utility Companies
Form TRA-3.01
Form TRA-3.02

(b) Gas Utility Companies
Form TRA-3.03
Form TRA-3.04

(c) Electric Utility Companies
Form TRA-3.05

(d) Water Utility Companies
Form TRA-3.06
Form TRA-3.07

(e) Sewer Utility Companies
Form TRA-3.18
Form TRA-3.19

Authority T.C.A. §§ 65-2-102, 65-4-101, 65-4-104, 65-4-111, and 65-5-109.

Rule 1220-04-01-.11 Uniform System of Accounting is amended by deleting subparagraph (1) i in its entirety including 1 and 2, so that as amended, the new paragraph shall read:
1220-04-01-.11 UNIFORM SYSTEM OF ACCOUNTING.

(1) The following uniform system of accounting will be followed by utilities and other companies making periodic reports to the Authority:

(a) For Classes A and B telephone companies - Uniform System of Accounts as adopted and amended by the Federal Communications Commission.

(b) For Classes C and D telephone companies - Uniform System of Accounts as adopted and amended by the Federal Communications Commission.

(c) For Classes A and B gas companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, and any amendments or revisions pertaining thereto.

(d) For Classes C and D gas companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, and any amendments or revisions pertaining thereto.

(e) For Classes A and B electric companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30, 1972, or any amendments or revisions pertaining thereto.

(f) For Classes C and D electric companies - Uniform System of Accounts as adopted by the National Association of Railroad and Utilities Commissioners as revised June 30,1972, or any amendments or revisions pertaining thereto.

(g) For Classes A, B, and C water companies - Uniform System of Accounts as adopted and amended by the National Association of Railroad and Utilities Commissioners.

(h) For Classes A, B, and C sewer companies - Uniform System of Accounts as adopted and amended by the National Association of Railroad and Utilities Commissioners.

Authority T.CA. §§ 65-4-101, 65-4-104, 65-4-111, and 65-2-102.

* If a roll-call vote was necessary, the vote by the Agency on these rulemaking hearing rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Herbert H. Hilliard, Chairman	X				N/A
David F. Jones, Vice-Chairman	X				
Kenneth C. Hill, Director	X				
Robin Bennett, Director	X				
James M. Allison, Director	X				

I certify that this is an accurate and complete copy of rulemaking hearing rules, lawfully promulgated and adopted by the Tennessee Regulatory Authority on July 22, 2014, and is in compliance with the provisions of T.C.A. § 4-5-222.

I further certify the following:

Notice of Rulemaking Hearing filed with the Department of State on: 03/31/14

Rulemaking Hearing(s) Conducted on: (add more dates). 06/16/14

Date: 12/22/14

Signature: Earl Taylor

Name of Officer: Earl R. Taylor

Title of Officer: Executive Director, Tennessee Regulatory Authority

ECTORY RENEE LAWLESS STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY

Subscribed and sworn to before me on: 12/22/2014

Notary Public Signature: Ecto Lawless

My commission expires on: 1/9/2018

All rulemaking hearing rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Herbert H. Slatery III

Herbert H. Slatery, III
Attorney General and Reporter

1/23/15

Date

SECRETARY OF STATE RECEIVED 2015 FEB 11 AM 11:17

Department of State Use Only

Filed with the Department of State on: 2/11/15

Effective on: 5/12/15

Tre Hargett

Tre Hargett
Secretary of State

Public Hearing Comments

One copy of a document containing responses to comments made at the public hearing must accompany the filing pursuant to T.C.A. § 4-5-222. Agencies shall include only their responses to public hearing comments, which can be summarized. No letters of inquiry from parties questioning the rule will be accepted. When no comments are received at the public hearing, the agency need only draft a memorandum stating such and include it with the Rulemaking Hearing Rule filing. Minutes of the meeting will not be accepted. Transcripts are not acceptable.

See enclosed memorandum.

Regulatory Flexibility Addendum
Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses.

(If applicable, insert Regulatory Flexibility Addendum here)

(1) The type or types of small business and an identification and estimate of the number of small businesses subject to the proposed rule that would bear the cost of, or directly benefit from the proposed rule.

The rule amendments impact railroads, wireless telephone companies, and wireline telephone companies.. The TRA does not regulate railroads or wireless telephone companies. The TRA estimates 35 wireline telephone companies are small businesses as defined by T.C.A 4-5-102(13).

Since the proposed rules amendments delete obsolete rules or sections of rules, it is not anticipated that these rule amendments will have any impact on small businesses. The TRA anticipates that, to the extent there is any impact, small businesses will benefit from the proposed amendments through a reduction of regulatory burdens.

(2) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record;

Since the proposed rule amendments delete obsolete rules or provisions, it is not anticipated that these rules amendments will have any impact on small businesses. The TRA anticipates that, to the extent there is any impact, these deletions will reduce regulatory burdens by eliminating certain reporting requirements.

(3) A statement of the probable effect on impacted small businesses and consumers.

Since the proposed rule amendments delete obsolete rules or sections of rules, it is not anticipated that these rules amendments will have any impact on small businesses or consumers. The TRA anticipates that, to the extent there is any impact, these deletions will reduce regulatory burdens on small businesses.

(4) A description of any less burdensome, less intrusive or less costly alternative methods of achieving the purpose and objectives of the proposed rule that may exist, and to what extent the alternative means might be less burdensome to small business.

Since the proposed rule amendments delete obsolete rules or sections of rules, it is not anticipated that these rules amendments will have any impact on small businesses. The TRA anticipates that, to the extent there is any impact, these deletions will reduce regulatory burdens on small businesses.

(5) A comparison of the proposed rule with any federal or state counterpart.

Certain sections of the former Public Service Commission rules governing railroads were transferred to the rules and regulations of the Tennessee Department of Transportation in 2002, and are found in Chapter 1680-9-2. The proposed rule amendments delete the remaining sections. The TRA is unaware of any other state or federal counterparts to the rules or provisions being deleted.

(6) Analysis of the effect of the possible exemption of small businesses from all or any part of the requirements contained in the proposed rule.

The proposed rule amendments consist solely of deletion of rules or sections of rules. The rule amendments do not impose any requirements.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 "any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments." (See Public Chapter Number 1070 (http://state.tn.us/sos/acts/106/pub/pc1070.pdf) of the 2010 Session of the General Assembly)

(Insert statement here)

The rule amendments will not have an impact on local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

(A) A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

In general, the rule amendments delete TRA rules and provisions related to railroad, wireless telecommunications services and a plan to modernize the state's telecommunication networks adopted by the Tennessee Public Service Commission. For reasons discussed in more detail below, these rules are no longer necessary because the TRA no longer regulates the industry or the passage of time has rendered the rules obsolete.

1220-03-01: Rules and Regulations Governing Railroads

Prior to the creation of the TRA, the Tennessee Public Service Commission regulated railroads. Certain sections of the former Public Service Commission rules governing railroads were transferred to the rules and regulations of the Tennessee Department of Transportation in 2002, and are found in Chapter 1680-9-2. Since the TRA does not regulate railroads, TRA rules governing railroads are unnecessary. The proposed rule amendments delete the remaining sections pertaining to railroads in the TRA rules.

1220-04-06: Ten Year Master Plan for Technology Deployment by Telephone Companies

The Ten Year Technology Plan was adopted by the Tennessee Public Service Commission and became effective in 1992. The purpose of the Ten Year Technology Plan was to encourage modernization of the state's telecommunication networks through deployment of digital switching technology, ISDN service capability and high speed data services. The Ten Year Technology Plan became effective over 22 years ago. Therefore, the rule was crafted before competition was introduced to local telecommunications markets and markets were largely deregulated. Generally, mandated timelines for the deployment of technology are not compatible with firms successfully functioning in competitive markets. Secondly, newer technologies, which are more cost effective and functional, have supplanted digital switches and ISDN technologies. Newer "soft switches" and commodity DSL or cable modem services have supplanted the digital switches and ISDN technology referenced in the Ten Year Technology Plan. Finally, with respect to broadband, the TRA jurisdiction over broadband services was eliminated, except for the purpose of implementing the federal Telecommunication Act of 1996.

1220-04-01-.01: Capital Additions Budgets of Utilities

To be consistent with the deletion of the Ten Year Technology Plan, a subpart of Rule 1220-04-01-.01 referencing the Ten Year Technology Plan is also deleted.

1220-04-01-.10: Reports - Uniform Financial Report Forms

The subsections within Rule 1220-04-01-.10 being deleted involve the regulation of wireless telecommunications services. The regulation of wireless telecommunications by state agencies like the TRA was pre-empted by the FCC unless the TRA petitioned the FCC to continue regulation of wireless services. The TRA did not submit such a petition to the FCC and accordingly, does not regulate the rates of wireless telecommunications carriers. Given that the TRA does not oversee the rates of wireless telecommunication carriers, the references to wireless carriers in Rule 1220-04-01-.10, which requires the submission of financial reports, are not necessary.

1220-04-01-.11: Uniform System of Accounting

The same analysis concerning wireless telecommunications carriers for Rule 1220-04-01-.10 applies for 1220-04-01-.11.

(B) A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

None

(C) Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

The rule amendments impact railroads, telephone companies, gas companies, electric companies, water companies and sewer companies. No entity made or filed comments urging either adoption or rejection of the rule amendments. In addition, the TRA also contacted the General Counsel of the Department of Transportation to notify the Department of the railroad rule deletions and neither he nor TDOT has expressed any objection.

(D) Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

None

(E) An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars ($500,000), whichever is less;

Minimal

(F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Jerry Kettles, Chief of Economic and Policy Division or Jean Stone, General Counsel

(G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Jerry Kettles, Chief of Economic and Policy Division or Jean Stone, General Counsel

(H) Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Jerry Kettles Tennessee Regulatory Authority 502 Deaderick St., 4th Floor Nashville, TN 37243 (615) 770-6894 jerry.kettles@tn.gov	Jean Stone Tennessee Regulatory Authority 502 Deaderick St., 4th Floor Nashville, TN 37243 (615) 770-6855 jean.a.stone@tn.gov

(I) Any additional information relevant to the rule proposed for continuation that the committee requests.

TENNESSEE REGULATORY AUTHORITY

502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243

MEMORANDUM

FROM: Jean A. Stone
General Counsel

RE: Public Hearing Comments

DATE: June 17, 2014

The Tennessee Regulatory Authority filed its Notice of Rulemaking Hearing with the Secretary of State on March 13, 2014, and held a rulemaking hearing on the proposed rule amendments on June 16, 2014. No person requested to be heard or presented comments during the rulemaking hearing. The official record was held open for an additional two weeks after the hearing for the submission of written comments. No written comments were received.

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