

Proposed Rule on Capital Structure for Telephone Cooperatives and Telephone Corporations Regulated on Rate of Return Basis

R746-361 Capital Structure for Telephone Cooperatives and Rate of Return Regulated Telephone Corporations

R746-361-1. Purpose

The purpose of this rule is to ensure that telephone cooperatives and telephone corporations regulated on a rate of return basis are treated uniformly and consistently in rate cases and in calculating distributions made pursuant to R746-360 Universal Public Telecommunications Service Support Fund in selecting a capital structure.

R746-361-2. Imputed Capital Structure for Rate of Return Regulated Telephone Corporations.

A. In a rate case of a telephone corporation regulated on a rate of return basis, the Commission shall impute a capital structure of 60 percent equity and 40 percent debt to determine the revenue requirement of the telephone corporation.

B. The telephone corporation may present evidence to demonstrate to the Commission why the Commission should use a different capital structure.

C. The Commission shall use the same capital structure the Commission uses to determine revenue requirement in a rate case of a telephone corporation regulated on a rate of return basis to calculate the distributions to the telephone corporation made pursuant to R746-360 Universal Public Telecommunications Service Support Fund.

R746-361-3. Imputed Capital Structure for Telephone Cooperatives.

A. In calculating the distributions to a telephone cooperative made pursuant to R746-360 Universal Public Telecommunications Service Support Fund, the Commission shall impute a capital structure of 60 percent equity and 40 percent debt.

B. The telephone cooperative may present evidence to demonstrate to the Commission why the Commission should use a different capital structure.