

October 27, 2008

Phil Powlick
Director Division of Public Utilities
Department of Commerce
Heber M. Wells Building
Salt Lake City, Utah

Re: Request to enact telecommunications service provider rule on capital structure, dated September 6, 2008. C.f., PSC Docket No. 07-999-09

Dear Mr. Powlick,

The Commission has reviewed the request of the Division of Public Utilities (Division) to enact a rule concerning capital structures to be used in determining revenue requirements for telephone companies. After careful consideration of the request, the Commission has concluded it will deny the Division's request. The Commission questions the need for the proposed rule and its potential impact in ratemaking settings. Many of the situations involving the companies which would be affected by the proposed rule are informally resolved by the Division and an individual company before the Commission is asked to consider the capital structure of a utility. The general parameters of the rule accompanied by the variability attempted to be included in the rule proposed may be applied by the Division itself in its interactions with companies. The Commission is also concerned of the impact of a rule in setting just and reasonable rates under Title 54 where the Commission is required to make its determination based upon the evidence presented in adjudicative proceedings, based upon the circumstances facing each company and relevant to the time in which rates will be effective.

If you have further questions or comments, I can be reached by phone at (801)530-6716 or email at jorchard@utah.gov.

Sincerely,

/s/ Julie Orchard
Commission Secretary