

Resolution Urging Regulatory Jurisdictions to Comment on the Federal Communication Commission's Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers

WHEREAS, On October 12, 2000, the Federal Communications Commission ("FCC") adopted a Notice of Proposed Rulemaking ("NPRM") in Phase 2 and Phase 3 of its comprehensive review of Part 32 accounting rules and ARMIS reporting requirements; *and*

WHEREAS, The NPRM contains various proposals, including: USTA's proposal to streamline the accounting system for large carriers to the Class B level of accounts; a proposal to streamline the accounting system that maintains the Class A level of detail for plant and plant expense accounts; state proposals for revising the chart of accounts; *and* other proposals calling for revisions to the FCC's Part 32 accounting rules and ARMIS reporting requirements, including modifications to the affiliate transactions rules and the accounting rules and reporting requirements for mid-sized carriers; *and*

WHEREAS, The FCC staff and staff representatives from numerous state utility commissions worked as a team to provide input to the formulation and development of this rulemaking process through conference calls and public meetings to discuss the accounting issues; *and*

WHEREAS, The data recorded in the Uniform System of Accounts ("USOA") and reported in ARMIS by the larger and mid-sized carriers are essential for many purposes including: evaluating unbundled network element, access, and local rates; monitoring quality of service; calculating federal and state universal service support; evaluating the competitive nature of the telecommunications market; and performing benchmarking analyses; *and*

WHEREAS, The data recorded in the USOA or reported in ARMIS can also provide important information to the States and territories regarding the deployment of and cost of new technologies and services; *and*

WHEREAS, The States and territories generally adopted the current Part 32 accounting rules by reference to simplify regulatory burdens and to provide consistency of multi-jurisdictional data; *and*

WHEREAS, The States generally find that accounting safeguards are essential for monitoring and implementing the competitive mandates and cross-subsidy prohibitions of the 1996 Telecommunications Act; *and*

WHEREAS, At its 1999 Winter Meetings in Washington, D.C., NARUC adopted a resolution stating the importance of the ARMIS data to its members and urging the FCC to solicit inputs from the States and territories prior to implementing significant changes to the ARMIS reporting requirements; *now, therefore, be it*

RESOLVED, That the National Association of Regulatory Utility Commissioners (NARUC), assembled in its 2000 Annual Convention in San Diego, California, commends the FCC for seeking and gathering input from the States early in the process of formulating the issues in this proceeding and encourages the FCC to continue to incorporate the input of the States and territories in this and on-going proceedings involving the review of the FCC's accounting, cost allocation, and reporting rules; *and be it further*

RESOLVED, That the States and territories are encouraged to file comments in the FCC's proceeding in CC Docket No. 00-199, responding to the FCC's request for comments on a variety of reporting and accounting issues, including:

- How the FCC's accounting rules and ARMIS data are used in state and territory proceedings such as unbundled network element or other intrastate ratemaking;
- How federal and State universal service funds are or are likely to be affected by the proposed changes to the rules; The importance, if any, of the accounting and reporting rules for the separations process;
- Is the accounting data necessary and how is it used, if at all, to assess the development of competition in the local exchange telecommunications market;
- What level of accounting and reporting disaggregation is necessary to support State and territory policymaking initiatives;
- How USTA's proposal to streamline the accounting system for large carriers to the Call B level of accounts would affect state and territory proceedings that rely on the FCC's accounting rules and ARMIS data;
- Any other matters in which the States or territories use the FCC's accounting data or in which the States or territories would need additional Part 32 accounts; and
- How a roadmap for accounting deregulation could and should be developed at the federal level.

Sponsored by the Committee on Finance and Technology

Recommended by the Board of Directors

Adopted by the Committee of the Whole, November 15, 2000