

Resolution Regarding the Forbearance from Depreciation Regulation of
Price Cap Local Exchange Carriers

WHEREAS, Depreciation represents a significant portion of access charges and universal service funding levels and therefore plays a major role in the establishment of these funding levels; and

WHEREAS, A complete forbearance of the depreciation prescription process may be harmful to customers and competitors through overstated funding levels resulting from unreasonable depreciation rates; and

WHEREAS, A complete forbearance of the depreciation prescription process could potentially trigger large increases in a carrier's depreciation expenses, which could in turn result in unwarranted increases in customer rates; and

WHEREAS, A complete forbearance of the depreciation prescription process may impede competition by raising prices for interconnection and Unbundled Network Elements (UNEs); and

WHEREAS, The Federal Communications Commission's oversight of depreciation provides States additional sources of information for consideration in the determination of prices for UNEs, fair and reasonable rates for basic local service, and intrastate universal service cost levels; *now therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened in its March 2000 Winter Meetings in Washington, D.C., believes the current level of FCC depreciation oversight is

appropriate, protects consumers, and should continue as long as depreciation represents a significant portion of access charges and universal service funding levels; *and be it further*

RESOLVED, That the conditions for forbearance adopted December 17, 1999 by the FCC in its Report and Order in CC Docket No. 98-137, Memorandum Opinion and Order in ASD 98-91, provide customer protection while promoting competition.

Sponsored by the Committee on Finance and Technology
Adopted by the NARUC Board of Directors, March 8, 2000.