

**Concerning Revenue Accounting - 6620  
Other Billing and Collection**

**WHEREAS,** The Federal Communications Commission's (Commission) Chief of the Common Carrier Bureau issued an Order released January 29, 1991, concerning the National Exchange Carriers Association (NECA) Transmittal No. 425 in which NECA was found to not have met the burden of allocating more than 5 percent of Other Billing and Collection (OB&C) expense to the Common Line Element in the NECA Access Common Line Annual Filing; and

**WHEREAS,** Some exchange carriers have expressed the belief that the effect of the order is to assign to intrastate the OB&C expense in excess of the 5 percent; and

**WHEREAS,** The NECA has adopted a resolution and issued a subsequent letter to all Exchange Carriers Settling on Cost that "NECA shall not allow OB&C expense in excess of 5 percent to be reported to the Common Line Pool retroactive to February, 1989", and "to comply with this resolution it will be necessary for all exchange carriers who have reported amounts in excess of the 5 percent for 1989, 1990 and 1991, to remove these amounts from the NECA's Common Line Pool"; and

**WHEREAS,** The combination of the order moving interstate costs from the Common Line Element to non-regulated billing and collection function and the exchange carriers for billing and collection results in the exchange carriers having a decrease in interstate revenues, and this provides the exchange carriers with an incentive to find ways to move costs to intrastate to maintain their levels of overall earnings; and

**WHEREAS,** The National Association of Regulatory Utility Commissioners has been assured by the Common Carrier Bureau Staff that the effect of the order is on the allocation of costs among interstate rate elements and neither alters any separations procedures, nor has any affect on the amount of costs assigned to intrastate; and

**WHEREAS,** The Common Carrier Bureau staff has expressed its willingness to provide a letter of interpretation affirming that understanding to any State that needs written confirmation for ratemaking or other purposes; now, therefore, be it

**RESOLVED,** That the Executive Committee of the National Association of Regulatory Commissioners (NARUC), convened at its Winter Meeting in Washington D.C., encourages State commissions and the FCC to examine how exchange carriers are implementing the order so that it is not used as an vehicle to assign more costs to intrastate.