

Convention Floor Resolution No. 6

**Resolution to Audit the GTE Corporation (GTE)
Operating Companies (GTOCs)**

WHEREAS, There is ongoing concern regarding the cost of operations and associated rates of the General Telephone Operating Companies (GTOCs), as well as potential cross-subsidization between the regulated monopoly operations and the non-regulated business of GTE; and

WHEREAS, There is a need to review the pricing procedures for products and services provided between the regulated operating companies and their unregulated affiliates; and

WHEREAS, There is a need to develop a better understanding of the GTE structure, parent-subsidiary relationships and the affiliated intercompany relationships; and

WHEREAS, There are audits of GTE companies being conducted by individual state commissions; and

WHEREAS, There has never been a NARUC-sponsored joint audit of GTE operations; and

WHEREAS, FCC Staff participation in the NARUC-sponsored joint audits of the Regional Bell Operating Companies has helped to make those audits successful and there appears to be potential benefit to the users of telecommunications services to include the FCC in any joint audit of GTE; and

WHEREAS, It is good regulatory policy and it would promote public confidence in the regulatory process to review in a comprehensive manner the GTOCs' operational costs and affiliated interests; now, therefore, be it

RESOLVED, That the National Association of Regulatory Utility Commissioners (NARUC), convened at its 1994 Annual Convention and Regulatory Symposium in Reno, Nevada, directs the Staff Subcommittee on Accounts to perform, or cause to be performed, audits of the GTOCs and their affiliates; and be it further

RESOLVED, That every effort will be made to avoid duplication of audits currently being conducted by individual state commissions; and be it further

RESOLVED, That the Staff Subcommittee on Accounts is directed to invite the Staff Subcommittee on Communications to participate in this national effort; and be it further

RESOLVED, That in keeping with the spirit of cooperation set forth in the NARUC Executive Committee resolution adopted February 28, 1990 regarding joint or coordinated FCC and state audits, and

the potential benefits derived from joint audits, that the Staff Subcommittee on Accounts is directed to invite the FCC staff to join in this effort; and be it further

RESOLVED, That NARUC respectfully requests that the state commissions provide skilled and experienced staff to participate in this joint effort and to share in the mutual benefits resulting therefrom; and be it further

RESOLVED, That the NARUC, recognizing the complexities and sensitive nature of these audits, requests the GTOCs to cooperate fully with the auditors in this effort and to pay the audit expense, including travel.

Sponsored by the Committees on
Finance & Technology and
Communications
Adopted November 16, 1994
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