

**Resolution On Unprescribed Uses of  
Direct Assignment In Jurisdictional Separations**

**WHEREAS**, The Part 36 Rules of the Federal Communications Commission (FCC) prescribe that certain costs be jurisdictionally separated based on a specific allocation factor, with no option given to the carrier for directly assigning any portion of such cost to a particular jurisdiction based on a determination of cost causation; and

**WHEREAS**, Direct assignment is not prescribed as an option for separating these costs because they are predominantly common or joint with respect to the services provided, and a determination of cost causation therefore is difficult if not impossible to achieve; and

**WHEREAS**, Even in those instances in which a carrier is able to perform a study identifying the portion of those costs attributable to a jurisdictionally pure service, the predominantly joint and common nature of these costs makes it very difficult for regulators to verify that the carrier is not manipulating the separations results by using a biased cost study or by using direct assignment only where it yields a result more favorable than that produced by the prescribed allocation factor; and

**WHEREAS**, The 80-286 Joint Board Staff has recently observed, based on a study of 1990 cost data reported by local exchange carriers, that unprescribed direct assignment procedures are now being used in a selective manner which clearly affects the separations results and undermines the uniform application of separations procedures; and

**WHEREAS**, The data indicate that the current effect on jurisdictional allocations is minimal, but has the potential to grow; now, therefore, be it

**RESOLVED**, That the Executive Committee of the National Association of Regulatory Utility Commissioners, convened at its Summer Meeting in San Francisco, California, urges the FCC to clarify the role that direct assignment of costs and revenues should not be utilized where prescribed allocators exist in the rules; and be it further

**RESOLVED**, That the NARUC General Counsel file this resolution with the FCC requesting appropriate action.

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Sponsored by the Committee on Communications  
Adopted July 24, 1991