Convention Resolution No. 12

NARUC 2nd Resolution Concerning the FCC'S Proposal
To Eliminate Accounts 6124 and 6724

WHEREAS, The Federal Communications Commission (FCC), on April 10, 1990, in CC Docket 90-215, released a Notice of Proposed Rulemaking (NPRM), proposing to amend Part 32, Uniform System of Accounts (USOA), to eliminate two expense accounts, Account 6124, General Purpose Computers and Account 6724, Information Management; and

WHEREAS, The basis for the FCC proposal to reclassify these expense accounts to the underlying activities they serve were the general inconsistencies among the companies in reporting expenses to these accounts and the limited utility of separate reporting of computer expenses in the specified accounts for regulatory purposes; and

WHEREAS, These accounts were established as a result of extensive review and negotiation during the Uniform System of Accounts Rewrite (USOAR), in CC Docket 78-196, and upon the recommendation of the Telephone Industry Advisory Group (TIAG); and

WHEREAS, The existing accounting procedures provide appropriate financial accounting system results; and

WHEREAS, The elimination of these accounts would be complex and costly and would require extensive special studies to determine how these costs should be spread to remaining accounts; and

WHEREAS, This change could disrupt the carefully considered balance between how these costs were recorded in Part 32 and how these costs were distributed between the jurisdictions and access elements, that was established in CC Dockets 78-196, 86-297 and 87-113; and

WHEREAS, The industry alleges that the nationwide interstate Billing and Collection (B&C) revenue loss will be approximately $160M, the nationwide jurisdictional shift to intrastate will be approximately $140M and intrastate B&C, access and toll revenue losses could possibly increase the total intrastate revenue shortfall up to $500M; and

WHEREAS, The NPRM failed to give any consideration to these Part 36 and Part 69 revenue requirement shifts, revenue losses, and intrastate rate effects which will result from the elimination of these accounts; and

WHEREAS, On or before May 14, 1990, 19 parties filed comments unanimously opposing this NPRM and not a single LEC or State commission filed comments in support of this proposal;
WHEREAS, The NARUC filed comments with the FCC that opposed its proposed action but did not offer a possible solution to their concerns; and

WHEREAS, The NARUC Cost Allocations and Communications Subcommittees have developed a possible solution to the issues in the CC Docket 90-215; and

WHEREAS, The FCC could achieve the same results for the interstate assigned revenue requirement by taking the investments and expenses currently assigned to the interstate jurisdiction by the separations rules (Part 36) and by modifying the FCC Access Charge Rules (Part 69) to categorize these costs to the appropriate service. By not modifying the accounting rules (Part 32), the risk of a jurisdictional revenue shift and of a negative effects on the State assigned investments and expenses will be eliminated; now therefore, be it

RESOLVED, by the National Association of Regulatory Utility Commissioners (NARUC), convened in its 102nd Annual Convention in Orlando, Florida, that the FCC, rather than eliminating the accounts 6124 and 6724, should continue to review the expenses assigned to these accounts to ensure that expenses are booked in accordance with Part 32, and be it further

RESOLVED, That the FCC not make the proposed accounting changes and instead establish a notice of proposed rulemaking to make a Part 69 rule change to the interstate only assigned expenses as they relate to the accounts 6124 and 6724; and be it further

RESOLVED, That the National Association of Regulatory Utility Commissioners (NARUC), assembled at its Annual meeting in Orlando, Florida, directs the NARUC General Counsel to file appropriate documents with the FCC requesting that the FCC issue a Notice of Proposed Rulemaking to change the Part 69 Rules, in lieu of the previously proposed changes to Part 32 Rules.

Sponsored by the Communications Committee
Adopted November 14, 1990