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 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, Existing FCC decisions provide guidance as to what expenses should and should not be included in accounts 6124 and 6724; 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, The FCC has allowed only two years of Form M reporting to evaluate how Part 32 is working; 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, as established in CC Dockets 86-297 and 78-196; and

WHEREAS, Although there are jurisdictional impacts of this change, the comment cycle did not allow enough time to completely evaluate the Part 36 and Part 69 revenue requirement impacts; and

WHEREAS, The FCC denied a request for extension of time to evaluate the Part 36 and Part 69 revenue requirement impacts of this proposal; and

WHEREAS, Preliminary industry estimates show that the nationwide interstate Billing and Collection (B&C) revenue loss will be approximately $160 million, the
nationwide jurisdictional shift to intrastate will be approximately $140 million and intrastate B&C, access and toll revenue losses could possibly increase the total intrastate revenue shortfall up to $500 million; 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, These accounts are used in the performance of incremental cost studies which many States use and which the FCC is considering using for tariffing ONA services; and

WHEREAS, If the accounts are no longer required by the FCC, telephone companies would need to maintain the account information as a side record or perform special studies in order to conduct accurate incremental cost studies; 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; now, therefore, be it

RESOLVED, That the Executive Committee of the National Association of Regulatory Utility Commissioners (NARUC), assembled at its 1990 Summer Committee Meeting in Los Angeles, California, urges that the FCC, rather than eliminating these accounts, should continue to review these accounts to ensure that expenses are booked in accordance with Part 32; and be it further

RESOLVED, That the NARUC General Counsel file appropriate documents with the FCC requesting that the FCC terminate this proceeding without making any changes to Part 32, or, in the alternative, delay implementation of any changes to Part 32 until the CC Docket No. 80-286 Federal/State Joint Board has considered separations changes that might be appropriate as a result of the change to Part 32.

Sponsored by the Committee on Communications
Adopted July 25, 1990