

**Resolution Concerning a Comprehensive Review of
the Part 36 Separations Rules**

WHEREAS, *The Separations Manual (Part 36) prescribes the rules all local exchange companies (LECs) must follow to assign or allocate costs to the interstate jurisdiction; and*

WHEREAS, *To implement these rules, the LECs perform a variety of complex studies; and*

WHEREAS, *The study methods as well as the implementation of the studies are not prescribed in the Part 36 rules; and*

WHEREAS, *The LECs do not uniformly apply the rules because of different study methods, and the flexibility to change study methods and the implementation of these studies at any time without regulatory oversight or concurrence of regulatory Commissions; and*

WHEREAS, *The current rules allow the LECs to directly assign costs to the jurisdictions without clearly defining the basis for the direct assignment; and*

WHEREAS, *It is becoming more difficult to measure the jurisdictional usage for new technologies and services; and*

WHEREAS, *All of these deficiencies lead to a jurisdictional allocation system that may result in inaccurate jurisdictional assignment of costs and may result in a LEC recovering more than 100% of its costs; 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, encourages the FCC and State commissions, through the 80-286 Joint Board, to begin a comprehensive review of the Part 36 rules to correct these deficiencies; and be it further*

RESOLVED, *That the objectives of this proceeding shall be to establish procedures that:*

- o Are uniformly interpreted and implemented;*
- o Are clear and auditable from the data source to the ultimate jurisdictional allocation;*
- o Reflect, at a minimum, annually updated categorization and relative use studies;*
- o Are applicable to new technologies and services;*

- o Provide a reasonable jurisdictional cost allocation consistent with jurisdictional cost causation;*
- o Do not provide inappropriate incentives to expend capital or increase expenses;*
- o Provide minimum flexibility to manipulate results;*
- o Are efficient and less costly than current rules to implement; and*
- o Continue universal service support where required; and be it further*

RESOLVED, *That the NARUC General Counsel file this resolution with the FCC and encourage the FCC to commit the resources necessary to accomplish this review.*

*Sponsored by the Committee on Communications
Adopted July 25, 1990*