

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
BellSouth Telecommunications, Inc.'s) AAD File No. 93-80
Permanent Cost Allocation Manual)
Waiver of Section 32.27)
of the Commission's Rules)

ORDER

Adopted: January 21, 2000

Released: January 24, 2000

By the Chief, Accounting Safeguards Division:

1. BellSouth Telecommunications, Inc. (BellSouth) filed a petition for waiver of the Commission's affiliate transactions rules, as codified in Section 32.27,1 on June 29, 1993.2 In its petition, BellSouth seeks permission to record at "greater than fully distributed cost" in its cost allocation manual (CAM) the costs for services related to directory publishing that are provided by the incumbent local exchange carrier (LEC) to a nonregulated affiliate, BellSouth Advertising and Publishing Company (BAPCO).3 In addition, BellSouth seeks permission to record at "less than fully distributed cost" or "no charge" the costs for services provided by BAPCO and other nonregulated affiliates to the LEC.

2. The Tennessee Public Service Commission (TPSC) opposes BellSouth's waiver request, arguing that the proposed terms do not accurately reflect the contractual arrangement between BellSouth and its nonregulated affiliate. Specifically, TPSC argues that the proposed CAM wording is a misstatement of the facts and is not consistent with the revenue sharing arrangement set out in the contracts between BellSouth and BAPCO.4 In reply comments BellSouth states that TPSC is incorrect in its assertion that BellSouth's proposed CAM wording is inconsistent with the contracts between BellSouth and BAPCO. BellSouth states that BAPCO publishes both white and yellow page directories and that the revenues received from publication belong to BAPCO. BellSouth states that, under the

1 See 47 CFR § 32.27.

2 On August 9, 1995, BellSouth filed a supplement to its petition in which it identified additional affiliate transactions to be included in its waiver request.

3 See 47 C.F.R. § 64.903. A CAM describes the manner in which the cost of regulated telephone services are separated from the cost of non-regulated services.

4 See TPSC Comments at 5.

agreement, it provides certain services to BAPCO to facilitate the publication, such as billing and collection services, subscriber listing data, and directory delivery information, in exchange for a publishing fee based on a percentage of the revenues BAPCO receives.

3. Waiver of the Commission's rules is appropriate only if special circumstances warrant a deviation from the general rule and such deviation will serve the public interest.⁵ In addition, a waiver request must be consistent with the principles underlying the rule for which a waiver is requested. We agree with BellSouth that, in this instance, recording at "greater than fully distributed cost" the revenues received for a limited set of services provided to its directory publishing affiliate appears to benefit ratepayers by recognizing increased revenues on its books of account.⁶ We further agree with BellSouth that recording certain services received from affiliates at "no charge" and "less than fully distributed cost" appears to benefit ratepayers by enabling the incumbent LEC to obtain services in a cost-effective manner. Moreover, such accounting treatment is consistent with waivers granted to other incumbent LECs for similar directory publishing.⁷ Because BellSouth's proposed treatment benefits ratepayer interests, we find that it is fully consistent with the public interest and the underlying policy goals. Accordingly, we grant its waiver request at this time. This waiver applies only to those services specified in BellSouth's waiver petition and supplement.

⁵ See United States Telephone Association Petition for Waiver of Part 32 of the Commission's Rules, *Order*, 13 FCC Rcd 214 (Com. Car. Bur. 1997).

⁶ The increased revenues may benefit ratepayers by offsetting BellSouth's regulated costs, and thereby helping BellSouth avoid a low-end adjustment or filing above-cap tariffs.

⁷ 47 C.F.R. § 32.18; see United Telephone Companies' Permanent Cost Allocation Manual Waiver of Section 32.27 of the Commission's Rules, *Order*, 13 FCC Rcd 24255 (Com. Car. Bur. 1998) (*United Waiver Order*); see also U S West, Inc.'s Permanent Cost Allocation Manual Waiver of Section 32.27 of the Commission's Rules, *Order*, 13 FCC Rcd 24257 (Com. Car. Bur. 1998) (*U S West Waiver Order*).

4. Accordingly, IT IS ORDERED, pursuant to Sections 1, 4(i), 4(j), 201-205, and 218-220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 154(j), 201-205, and 218-220, and Sections 0.91, 0.291, 1.3, 1.106, and 32.27 of the Commissions rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, 1.106, and 32.27, that the Petition for Waiver filed by BellSouth IS HEREBY GRANTED.

FEDERAL COMMUNICATIONS COMMISSION

Kenneth P. Moran
Chief, Accounting Safeguards Division