

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of )  
 )  
Nevada Bell/Pacific Bell/Southwestern Bell/ ) ASD File No. 01-39  
Ameritech Consolidated Permanent Cost Allocation )  
Manual for the Separation of Regulated and )  
Nonregulated Costs )

**ORDER**

**Adopted: August 17, 2001**

**Released: August 20, 2001**

By the Chief, Accounting Safeguards Division:

**1.** Section 64.903 of the Commission's Rules requires incumbent local exchange carriers (ILECs) to file cost allocation manuals (CAMs) describing the methodologies used to allocate costs between regulated and nonregulated activities.<sup>1</sup> These rules provide that, when a carrier revises its CAM, it must submit a statement quantifying the impact of each change on the carrier's regulated operations. Changes in cost apportionment tables must be quantified in \$100,000 increments at the cost pool level.<sup>2</sup>

**2.** SBC has informed us that in September 2001 it intends to file a revised CAM that consolidates the allocation procedures of Ameritech, which it acquired in October 1999, into the consolidated CAM it currently files for Nevada Bell, Pacific Bell, and Southwestern Bell.<sup>3</sup> This consolidated CAM will result in changes to SBC's cost apportionment tables, which under the rules SBC must quantify by cost pool.<sup>4</sup>

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<sup>1</sup> 47 C.F.R. §64.903. ILECs with annual operating revenues equal to or above the indexed revenue threshold are required to file CAMs.

<sup>2</sup> The joint cost procedures require that carriers categorize their costs by cost pool and that they allocate and assign these cost pools between their regulated and nonregulated activities. Cost pools are comprised of logical, homogeneous groups of costs that maximize the extent to which cost-causative allocation factors can be used to divide the costs between regulated and nonregulated activities. *See Implementation of Further Cost Allocation Uniformity, Order Inviting Comments*, 7 FCC Rcd 6688 (1992).

<sup>3</sup> SBC will continue to file a separate CAM for its remaining ILEC, Southern New England Telephone Company.

<sup>4</sup> *See* 47 C.F.R. § 64.903(b).

3. The Commission, on its own motion, may waive any provision of its rules for good cause.<sup>5</sup> 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.<sup>6</sup> In addition, the waiver must be consistent with the principles underlying the waived rule.

4. We find the public interest will be served if we waive the requirement in Section 64.903(b) that requires SBC to quantify changes to its cost apportionment table by cost pool. We believe that, in its initial consolidated CAM filing, such quantification may be impractical. For instance, in accounts in which the existing consolidated CAM for Nevada Bell, Pacific Bell, and Southwestern Bell does not contain the same cost pool structure as Ameritech's CAM, quantifying changes by cost pool could be very difficult and costly. Moreover, in these instances, quantification may not be accurate since there would be little basis for comparison between the previous cost pool structure and the new cost pool structure. Thus, we will allow SBC to quantify these changes by account rather than by cost pool.

5. In addition, we will waive the requirement that SBC provide a listing of each change to its CAM. We expect that there will be numerous minor changes in the consolidated CAM for which inclusion in the listing will serve no useful purpose. Therefore, we will only require SBC to provide a listing of the substantive changes in the consolidated CAM. This listing must provide sufficient detail and explanations to aid the public and the Commission in reviewing the consolidated CAM filing.

6. We find that granting this limited waiver will benefit ratepayers by eliminating the additional cost associated with the difficult and time consuming effort that SBC would face in quantifying changes by cost pool. We believe a more practical approach under these circumstances is to permit SBC to quantify the cost apportionment table changes by account. We emphasize, however, that our granting of this limited waiver of Section 64.903(b) applies only to SBC's September 2001 CAM filing that incorporates Ameritech into SBC's consolidated CAM.

7. Accordingly, IT IS ORDERED, pursuant to Sections 4(i) and 5(c) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i) and 155(c) and Sections 0.91, 0.291 and 1.3 of the Commission's Rules, 47 C.F.R. §§ 0.91, 0.291 and 1.3, that Section 64.903(b) is waived to permit SBC to quantify revisions to its cost apportionment table by account rather than by cost pool in its September 2001 CAM filing. Further, in the transmittal letter associated with this CAM filing, SBC need only list the substantive changes.

FEDERAL COMMUNICATIONS COMMISSION

Kenneth P. Moran  
Chief, Accounting Safeguards Division

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<sup>5</sup> 47 C.F.R. § 1.3. See Ameritech Operating Companies' Permanent Cost Allocation Manual; Waiver of Section 32.27 of the Commission's Rules, *Order*, 13 FCC Rcd 24251 (Com. Car. Bur. 1998); see also Bell Atlantic/NYNEX Consolidated Permanent Cost Allocation Manual for the Separation of Regulated and Nonregulated Costs, *Order*, 12 FCC Rcd 20539 (Com. Car. Bur. 1997).

<sup>6</sup> 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).