



NEWS

Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

News media Information 202 / 418-0500
TTY 202 / 418-2555
Fax-On-Demand 202 / 418-2830
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

FOR IMMEDIATE RELEASE:
October 12, 2000

NEWS MEDIA CONTACT:
Michael Balmoris 202-418-0253
Email: mbalmori@fcc.gov

FCC SEEKS TO REDUCE ACCOUNTING RULES AND REPORTING REQUIREMENTS FOR LOCAL PHONE COMPANIES

Comprehensive Accounting Reform is Part of Commission's Biennial Regulatory Review Process to Repeal or Modify its Rules

Washington, D.C. – Today, the Federal Communications Commission (FCC) opened the next phase of its proceeding to streamline and eliminate existing accounting rules and related reporting requirements for incumbent local exchange carriers (LECs). The Notice of Proposed Rulemaking (NPRM), which is also part of the Commission's 2000 biennial regulatory review process, continues the Commission's comprehensive accounting reform efforts to ensure that its rules and reporting requirements reflect the increasingly competitive telecommunications industry.

The measures under consideration fall into two general areas. First, the Commission's accounting rules, known as Part 32 of the Uniform System of Accounts (USOA), largely prescribe how incumbent LECs record and allocate their revenues and costs. Second, the Commission's Automated Reporting Management Information System (ARMIS) reporting rules require that certain carriers report financial and operating information to the Commission on an annual basis.

The Uniform System of Accounts have been used for various purposes, such as interstate access charges, jurisdictional separations, and calculating universal service support. ARMIS is an automated reporting system developed by the Commission in 1987 for collecting financial, operating, service quality, and network infrastructure information from certain incumbent LECs. There are 52 incumbent LECs that currently file ARMIS reports, which provide information on carriers serving more than 90 percent of the nation's telephone customers.

Accounting Reform Background

The NPRM adopted today begins Phase 2 and Phase 3 of the Commission's comprehensive review of its accounting rules and the related reporting requirements for incumbent LECs. The Commission completed Phase 1 of this proceeding in March 2000.

-- more --

Phase 2: Streamlining Measures

To streamline significantly the existing accounting and reporting requirements, the Commission is seeking comment on a variety of measures, including:

- ❑ Eliminating one-fourth of the Uniform System of Accounts used by the largest incumbent carriers, namely BellSouth, Qwest, SBC and Verizon;
- ❑ Eliminating approximately half of the reporting requirements that are currently imposed on carriers by the ARMIS 43-07 and 43-08 Reports;
- ❑ Eliminating the cost allocation manual (CAM) filing requirements and biennial audit of CAMs for mid-sized carriers; and,
- ❑ Raising the income threshold that determines which companies are required to file certain ARMIS reports.

Phase 3: Long Term Transition to Deregulation

The Commission also is seeking comment on the roadmap for accounting and reporting deregulation. For example:

- ❑ Is there a point at which the Commission should completely eliminate its accounting and reporting requirements?
- ❑ Is there a basis for eliminating or modifying the Commission's accounting and reporting requirements on an industry wide basis, even if some carriers retain market power?
- ❑ Would it be administratively practical for accounting and reporting requirements to be reduced or eliminated on a state-by-state basis as Bell Operating Companies obtain long distance approval?
- ❑ What is the policy rationale for subjecting one type of carrier to accounting and reporting requirements when other carriers are not subject to such requirements?
- ❑ How should the Commission's accounting and reporting requirements evolve as carriers no longer remain in their historical line of business?

Docket No.: CC 00-199

-FCC-

Action by the Commission October 12, 2000, by Notice of Proposed Rulemaking (FCC 00-364). Chairman Kennard and Commissioners Ness, Furchtgott-Roth, Powell, and Tristani.

Common Carrier Bureau Staff Contacts:
Mika Savir / JoAnn Lucanik at 202-418-0820

News about the Federal Communications Commission can also be found
on the Commission's web site www.fcc.gov.