

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

In the Matter of)	
)	
Federal-State Joint Conference)	WC Docket No. 02-269
On Accounting Issues)	
)	
2000 Biennial Regulatory Review—)	CC Docket No. 00-199
Comprehensive Review of the)	
Accounting Requirements and)	
ARMIS Reporting Requirements for)	
Incumbent Local Exchange Carriers:)	
Phase 2)	
)	
Jurisdictional Separations Reform and)	CC Docket No. 80-286
Referral to the Federal-State Joint Board)	
)	
Local Competition and Broadband Reporting)	CC Docket No. 99-301

ORDER

Adopted: November 8, 2002

Released: November 12, 2002

By the Commission:

1. In this order, we suspend implementation of four accounting and recordkeeping rule modifications previously adopted by the Commission. The purpose of this suspension is to allow the recently-established Federal-State Joint Conference on Accounting Issues (Joint Conference) to review these rules before carriers are required to implement them.¹ This suspension is warranted because of the great interest among Joint Conference members regarding these changes to our accounting rules.

2. On November 5, 2001, the Commission released a Report and Order and Further Notice of Proposed Rulemaking as part of its biennial review of accounting requirements and Automated Reporting Management Information System (ARMIS) reporting requirements.² In

¹ *Federal-State Joint Conference on Accounting Issues*, Order, WC Docket No. 02-269, FCC 02-240 (September 5, 2002) (*Convening Order*); *Federal-State Joint Conference on Accounting Issues*, Order, WC Docket No. 02-269, FCC 02-291 (October 17, 2002) (order establishing membership of Joint Conference).

² *2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2; Amendments to the Uniform System of* (continued....)

the order, the Commission adopted a number of accounting and reporting requirement reforms. The reforms included the creation of several new Part 32 Uniform System of Accounts subaccounts and the elimination or modification of other Part 32 accounts and subaccounts and modification of ARMIS reporting requirements.³ Changes to the Part 32 accounting rules are scheduled to take effect January 1, 2003.⁴

3. On March 8, 2002, BellSouth Corporation, SBC Communications Inc., and Verizon filed a joint petition for reconsideration of the *Phase 2 Report and Order*.⁵ The petitioners asked that two newly-created subaccounts – the wholesale and retail subaccounts to Account 6620, Services – be eliminated.⁶ The petitioners also requested that the Commission change the reporting of “Loop Sheath Kilometers” back to “Sheath Kilometers.”⁷ The petitioners argued that the Commission should delay implementation of the relevant rule changes pending review of the arguments raised in the reconsideration petition.⁸ The petitioners asserted that implementation of the rule changes will be very costly and time-consuming, and requested that they not be required to undertake this work while the Commission considers their petition.⁹ AT&T Corp. opposed both the petition for reconsideration and the request to delay implementation.¹⁰

4. On September 5, 2002, the Commission convened the Federal-State Joint Conference on Accounting Issues, which is undertaking “a cooperative federal and state review of regulatory accounting and reporting requirements in order to determine their adequacy and effectiveness in the current market and make recommendations for improvements.”¹¹ In

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Accounts for Interconnection; Jurisdictional Separations Reform and Referral to the Federal-State Joint Board; and Local Competition and Broadband Reporting, CC Docket Nos. 00-199, 97-212, 80-286, and 99-301, Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 19911 (2001) (*Phase 2 Report and Order*), on recon., 2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers, CC Docket No. 00-199, Order on Reconsideration, 17 FCC Rcd 4766 (2002) (*Phase 2 Reconsideration Order*).

³ *Phase 2 Report and Order*, 16 FCC Rcd at 19914-15, para. 5.

⁴ *Phase 2 Reconsideration Order* at 4768-69. Changes to ARMIS that are not related to accounting rules took effect in March, 2002, but carriers are not required to submit reports under the new requirements until April, 2003.

⁵ Petition of Bellsouth, SBC and Verizon for Reconsideration of Report and Order in CC Docket Nos. 00-199, 97-212, and 80-286 (filed March 8, 2002) (*Joint Petition*). The *Joint Petition* also asked the Commission to reconsider its decision to collect certain new data concerning deployment of broadband facilities in ARMIS pending further consideration of broadband reporting requirements in Phase 3 of the proceeding. *Joint Petition* at 1-11. In addition, SBC filed a separate petition for reconsideration seeking changes to the amended rule 32.11, 47 C.F.R. § 32.1,1 which is the rule that specifies which carriers are subject to regulated accounting requirements. SBC Communications Inc. Petition for Reconsideration (filed March 8, 2002).

⁶ *Joint Petition* at 2-7.

⁷ *Joint Petition* at 1-11.

⁸ *Id.* at 6-7. Petitioners urge us to delay implementation of the new wholesale/retail subaccounts and the additional broadband reporting requirements, but do not request such delay for the loop sheath kilometer reporting requirement.

⁹ *Id.* at 7.

¹⁰ Opposition of AT&T Corp. to Petitions for Reconsideration (filed May 15, 2002) (*AT&T Opposition*).

¹¹ *Convening Order* at para. 1.

preliminary discussions, members of the Joint Conference have identified the following two Part 32 accounting changes adopted in the *Phase 2 Order* that they believe should be subject to further consideration before they are implemented: (1) the consolidation of Account 5230, Directory revenue, with other miscellaneous revenue accounts into Account 5200, Miscellaneous revenue; and (2) the consolidation of the depreciation and amortization expense accounts (Accounts 6561 through 6565) into Account 6562, Depreciation and amortization expenses.

5. We believe that further consideration of these changes before their implementation is reasonable and will advance the work of the Joint Conference. We therefore defer the implementation of the following accounting and reporting requirement rule changes for six months to allow further consideration by the Joint Conference: (1) the consolidation of Accounts 6621 through 6623 into Account 6620, with subaccounts for wholesale and retail;¹² (2) the consolidation of Account 5230, Directory revenue, into Account 5200, Miscellaneous revenue;¹³ (3) the consolidation of the depreciation and amortization expense accounts (Accounts 6561 through 6565) into Account 6562, Depreciation and amortization expenses;¹⁴ (4) the revised “Loop Sheath Kilometers” data collection in Table II of ARMIS Report 43-07.¹⁵

6. Accordingly, IT IS ORDERED that, pursuant to sections 1, 4(i), 4(j), 5(c), 201, 202 and 220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 154(j), 155(c), 201, 202, and 220, and section 1.3 of the Commission’s rules, 47 C.F.R. § 1.3, implementation of certain rule modifications described in paragraph five above IS SUSPENDED until July 1, 2003.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

¹² *Phase 2 Report and Order*, 16 FCC Rcd at 19938-39, para. 64; 47 C.F.R. § 32.6220.

¹³ *Phase 2 Report and Order*, 16 FCC Rcd at 19928, para. 41.

¹⁴ *Phase 2 Report and Order* at 19926-27, paras. 37-38.

¹⁵ *Phase 2 Report and Order*, 16 FCC Rcd at 19963, para. 170.