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July 21, 2017

REDACTED – FOR PUBLIC INSPECTION

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20554

Re: Comprehensive Review of the Part 32 Uniform System of Accounts,
WC Docket No. 14-130

Dear Ms. Dortch:

AT&T Services, Inc., on behalf of its affiliates, hereby submits a redacted version of its Opposition to the Petition for Reconsideration filed by NCTA in WC Docket No. 14-130. Pursuant to the Commission's Protective Order, AT&T will submit one copy of the Confidential version of this filing to the Secretary's Office, and will submit two Confidential copies to Ms. Robin Cohn.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Terri L. Hoskins", with a long, sweeping horizontal line extending to the left.

Terri L. Hoskins

cc: Robin Cohn

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

In the Matter of)	
)	
Comprehensive Review of the Part 32)	WC Docket No. 14-130
Uniform System of Accounts)	
)	

OPPOSITION OF AT&T

NCTA’s Petition for Reconsideration seeking modifications to the Commission’s *Part 32 Order* claims that if price cap carriers use GAAP accounting to calculate pole attachment rates, carriers will over-recover their pole costs and pole rates will skyrocket. As discussed below, the Commission addressed NCTA’s concerns in the *Part 32 Order* by adopting safeguards that prevent inflation of pole attachment rates due to the transition to GAAP. Accordingly, NCTA’s Petition should be denied.

NCTA incorrectly asserts that the *Part 32 Order* permits pole owners to use GAAP accounting to inflate pole costs to justify higher pole attachment rates.¹ However, the Commission resolved this issue by requiring that, prior to transitioning to GAAP accounting, price cap carriers must either: (1) continue to use Part 32 accounting for purposes of setting pole attachment rates, or (2) calculate an Implementation Rate Difference between the pole attachment rates calculated using Part 32 accounting and GAAP accounting, and adjust their GAAP-based pole attachment rates using the Implementation Rate Difference.² In addition, the Commission ensures the rates

¹ Petition for Reconsideration of NCTA – The Internet & Television Association, *In the Matter of Comprehensive Part 32 Uniform System of Accounts*, WC Docket No. 14-130 (Jun. 5, 2017) (“NCTA Petition”).

² *Comprehensive Review of the Part 32 Uniform System of Accounts*, Report and Order, at ¶¶ 36-37, WC Docket No. 14-130 (rel. February 24, 2017) (“*Part 32 Order*”).

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are predictable by imposing this framework for *twelve years*.³ Thus for the next twelve years, carriers that transition to GAAP accounts to calculate their pole attachment rates must adjust those rates by a factor that approximates what they would have been if they were calculated using Part 32 accounting. In this respect, the Commission's framework already ensures that pole rates will correspond to Part 32 calculations and will remain stable for the foreseeable future.

Further, the Commission adopted another safeguard whereby it will review pole attachment rates upon the request of a pole attacher.⁴ Under this process, if a pole attacher suspects a problem with a carrier's calculation of pole attachment rates, including the application of the Implementation Rate Difference, the pole attacher can inform the Commission of the suspected issue, and the Commission will require the price cap carrier to submit the accounting data for its review. This process is in addition to the disclosure requirements associated with the Commission's pole attachment complaint procedures in 47 C.F.R. §1.1404. Thus, between the Implementation Rate Difference and multiple disclosure requirements, the Commission has more than sufficient safeguards to ensure pole attachment rates remain just and reasonable.

In its efforts to illustrate the potential harm of GAAP accounting, NCTA speculates on changes AT&T and other carriers *could* make using GAAP accounting that *might* increase pole attachment rates. However, NCTA's analysis is baseless because its comparisons of AT&T's accounting data are flawed. Specifically, NCTA erroneously compares the SWBT GAAP accounting data for 2015 (that were filed for illustrative purposes) with the SWBT accounting data included in its 2015 Pole Attachment Data Report. However, these two reports reflect AT&T's accounting data at different periods of time. Specifically, the 2015 SWBT GAAP accounting data did not include the end of period actuarial adjustments, while the 2015 Pole Attachment Data Report *included* the end of period actuarial adjustments. As a result, NCTA's analysis of this data

³ *Id.*

⁴ *Part 32 Order* at ¶39 (The Commission commits to this review process for three years and states that if necessary it may extend this process for an additional three years).

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is a meaningless, apples to oranges comparison. If NCTA had compared apples to apples by using the 2015 GAAP and USOA data (that AT&T filed together in this proceeding), NCTA would have determined that G&A Expense decreased by **[REDACTED]** percent using GAAP accounts. Notably, G&A Expense decreased by **[REDACTED]** percent when comparing 2015 Pole Attachment Data to SWBT 2015 GAAP accounting data both of which include the end of period actuarial adjustments (another apples to apples comparison).⁵ In any event, if NCTA's analysis had been correct and G&A expense increased, the application of the Implementation Rate Difference would neutralize the effect on the pole attachment rates.

For the reasons discussed above, NCTA's Petition should be denied.

Respectfully submitted,

By: /s/ Terri L. Hoskins

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⁵ See Confidential AT&T Exhibits 1 and 2.

EXHIBIT 1

Exhibit 1

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EXHIBIT 2

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Exhibit 2

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