



FEDERAL COMMUNICATIONS COMMISSION  
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December 21, 1992

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Mr. David J. Markey  
Vice President-  
Federal Regulatory Affairs  
Bellsouth  
1133 21st Street, N.W.  
Suite 900  
Washington, D.C. 20036

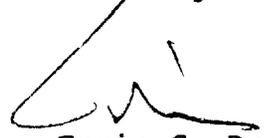
92-101

Dear Dave:

Many thanks for your letter of December 15 about price cap treatment of the changes in accounting for Other Postretirement Employee Benefits (OPEBs).

It's good to have your views on how the Commission should treat these accounting changes under price caps. Please be assured that I will take those views into account as we take up this question.

Best regards,

  
Ervin S. Duggan  
Commissioner

I enjoyed our lunch yesterday.  
S.

# BELLSOUTH

David J. Markey  
Vice President  
Federal Regulatory Affairs

1133 21st Street, N.W.  
Suite 900  
Washington, D.C. 20036  
202 463-4101

December 15, 1992

Ervin S. Duggan  
Commissioner  
Federal Communications Commission  
1919 M. St. N.W. Room 832  
Washington, D.C. 20554

Dear Commissioner Duggan:

BellSouth has recently become aware that the Commission's pending order in CC Docket No. 92-101 on the treatment of SFAS 106, Post Retirement Benefits Other than Pensions (OPEBs), may completely deny Price Cap LECs any exogenous treatment of this expense. BellSouth believes that such a denial would be inconsistent with the exogenous criteria established in the price cap order. We are concerned because of the precedent that such a decision will set for future exogenous events.

The adoption of SFAS 106 is a clear example of the type of event that should be afforded treatment under the price cap plan. In order for costs to receive exogenous treatment, the price cap rules require that these costs be beyond the carrier's control and that they not be reflected in the GNP-PI. Clearly, the adoption of SFAS 106 is beyond the control of the carrier. Detailed studies have been submitted to prove that only a small percentage of the costs will be reflected in the GNP-PI and this amount is excluded from BellSouth's exogenous calculation. Consequently, we feel that the requirements established in the price cap order for exogenous treatment have been met.

BellSouth urges the Commission to treat appropriately the incremental OPEB costs brought about by the adoption of SFAS 106 by approving exogenous treatment of these costs.

Sincerely,



David J. Markey

cc: Donna R. Searcy

# BELLSOUTH

Maurice P. Talbot, Jr.  
Director-Federal Regulatory

Suite 900  
1133-21st Street, N.W.  
Washington, D.C. 20036  
202 463-4113

December 15, 1992

EX PARTE

Donna R. Searcy  
Secretary  
Federal Communications Commission  
1919 M. St. N. W.  
Room 222  
Washington, D.C. 20554

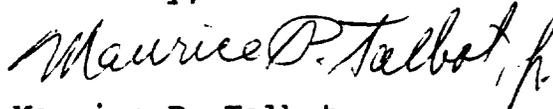
Re: CC Docket No. 92-101

Dear Ms. Searcy:

Pursuant to the requirements of the FCC's ex parte rules, we are filing with you copies of letters sent to each individual Commissioner regarding the above-referenced docket dealing with SFAS 106, Post Retirement Benefits Other than Pensions (OPEBs).

Please call me if you have any questions.

Sincerely,



Maurice P. Talbot

Attachments

cc: Chairman Sikes (w/o attachments)  
Commissioner Barrett (w/o attachments)  
Commissioner Duggan (w/o attachments)  
Commissioner Quello (w/o attachments)  
Commissioner Marshall (w/o attachments)