

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350

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MAUREEN O. HELMER
General Counsel

JOHN C. CRARY
Secretary

June 28, 1995

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: FCC Rulemakings in Docket Nos. RM-8640 and RM-8448

Dear Mr. Caton:

Enclosed are an original and nine copies of the comments of the New York State Department of Public Service regarding:

- 1) United States Telephone Association Petition for Rulemaking to Amend Part 32 of the Commission's Rules to Eliminate Detailed Property Records for Certain Support Assets (RM-8640)

and

- 2) Notice of Proposed Rulemaking to Amend Part 32, Uniform System of Accounts for Class A and Class B Telephone Companies to Raise the Expense Limit for Certain Items of Equipment from \$500 to \$750 (RM-8448)

Please consider the enclosed to constitute our active participation in both of the above-referenced proceedings.

Respectfully submitted,

Mary E. Burgess

Mary E. Burgess
Staff Counsel

c:MEB:ay:RM8448.Ltr

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

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JUN 29 1995

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In the Matter of:)

1) United States Telephone Association)
Petition for Rulemaking to Amend)
Part 32 of the Commission's Rules to)
Eliminate Detailed Property Records)
for Certain Support Assets)

RM-8640

2) Notice of Proposed Rulemaking to)
Amend Part 32, Uniform System of)
Accounts for Class A and Class B)
Telephone Companies to Raise the)
Expense Limit for Certain Items of)
Equipment from \$500 to \$750)

RM-8448

COMMENTS OF THE NEW YORK STATE
DEPARTMENT OF PUBLIC SERVICE

The New York State Department of Public Service (NYS DPS) submits these comments in response to two separate, but related, notices for comment. Because of the interdependence of the two items, the NYSDPS is filing the following comments in response to both notices. The Notice seeking comments on the United States Telephone Association (USTA) Petition for Rulemaking (Petition) to eliminate detailed continuing property records (CPRs) for certain support assets^{1/} was released May 12, 1995. The Notice of Proposed Rulemaking (NPRM) to raise the expense limit for certain items of equipment^{2/} from \$500 to \$750 was released May 31, 1995.

^{1/} The identified accounts include 2115, Garage Work Equipment; 2116, Other Work Equipment; 2122, Furniture; 2123.1, Office Support Equipment; 2123.2 Company Communications Equipment; and the personal computers and peripheral devices recorded in 2124, General Purpose Computers.

^{2/} The accounts identified include 2112, Motor Vehicles; 2113, Aircraft; 2114, Special Purpose Vehicles; 2115, Garage Work Equipment; 2116, Other Work Equipment; 2122, Furniture; 2123, Office Equipment; and 2124 General Purpose Computers

The NYSDPS supports raising the expense limit for certain items of equipment. However, NYSDPS believes that the expense limit should be increased to \$1,000, instead of the \$750 limit as proposed in the NPRM.

The NYSDPS also believes that it would be premature to consider the elimination of detailed CPRs for all items of equipment contained in the support asset accounts identified by USTA, regardless of cost. USTA's concerns regarding the burden of maintaining CPRs would be addressed by raising the expense threshold to \$1,000. Therefore, USTA's Petition should be denied.

I. The Expense Limit for Certain Items of Equipment Should be Raised from \$500 to \$1,000

The limit for expensing, rather than capitalizing, certain items of equipment should be increased further than the \$750 limit proposed by the Commission. Although it would be difficult to determine a precise dollar level that would satisfy the concerns of all parties involved, the higher \$1,000 limit would significantly reduce the administrative burdens associated with capitalization of low cost items of equipment. The assets subject to this provision are relatively low cost but numerous in quantity, and their investment level, relative to the total investments of the companies, is minimal. There is little, if any, benefit associated with the capitalization of these support-related assets.

Our support of the expense limit increase, however, should not be construed as precedent for expensing equipment classified in other, large capital accounts such as digital central office equipment or outside plant. Our comments herein relate solely to the general support asset accounts identified by the Commission.

The NYSDPS recommends that the embedded net investment in assets associated with the accounting change be amortized over the same fixed period of time for all accounts, rather than over

the remaining life for each individual account. This would simplify implementation of the change and should have a minimal revenue requirement impact. It appears that a five year amortization period would be reasonable, in light of the characteristics and the remaining lives of the equipment involved. Finally, while \$1,000 appears to be a reasonable limit today, the appropriateness of that limit should be re-examined periodically.

II. The USTA Petition to Eliminate Detailed CPRs for Certain Support Assets should be Denied

The NYSDPS supports, in principle, the elimination of detailed CPRs for certain support assets. However, such a change should not take place for entire accounts, without considering the level of investment in items contained in those accounts. Elimination of burdensome CPR requirements is desirable for relatively small, low cost items, because doing so would reduce the administrative costs associated with maintaining those records. However, the Commission's Rules should not be modified so as to allow companies to discontinue maintaining CPRs for relatively large, higher cost items that may fall into the plant accounts identified by USTA. At some point in the future, the need for detailed CPRs in these accounts for purposes of rate base determination and verification may be eliminated. However, at this juncture, when companies are not entirely or permanently free from rate base regulation, the requirement for detailed CPRs associated with higher cost items of equipment should not be abandoned.

III. The NYSDPS Proposal Strikes a Reasonable Balance Between the FCC's Desire to Increase the Expense Limit for Certain Items of Equipment and USTA's Request for Elimination of CPRs for Certain Support Assets

Increasing the expense limit to \$1,000 for those plant accounts listed in the Commission's NPRM should go a long way

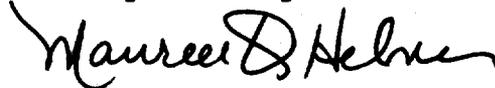
burden associated with maintaining detailed CPRs for the numerous, low cost items contained in the general support asset accounts. While not going so far as to reduce the CPR requirements for all items of plant contained in those accounts, raising the threshold to \$1,000 would encompass a very large percentage of the items of equipment in question. At the same time, the expense limit preserves CPR requirements for items with a value greater than \$1,000, and provides regulatory agencies the ability to continue to conduct rate base verifications for higher cost items so long as such undertakings are deemed necessary.

Conclusion

The expense limit for certain items of equipment should be raised from \$500 to \$1,000, and the net investment in embedded assets covered by this change should be amortized over five years.

The increased expense limit proposed by the NYSDPS should serve to reduce a large portion of the administrative burden associated with maintaining CPRs for certain items of support equipment, as identified in USTA's Petition. Since reducing the administrative burden associated with this equipment was a primary goal of USTA's petition, and that goal is largely met by raising the expense limit, USTA's Petition for Rulemaking should be denied.

Respectfully submitted,



Maureen O. Helmer
General Counsel
New York State Department
of Public Service
Three Empire State Plaza
Albany, New York 12223-1350
(518) 473-8123

Mary E. Burgess
of Counsel

Dated: June 28, 1995

In the Matter of:

CC Docket RM-8640

United States Telephone Association
Petition for Rulemaking to Amend
Part 32 of the Commission's Rules
to Eliminate Detailed Property
Records for Certain Support Assets

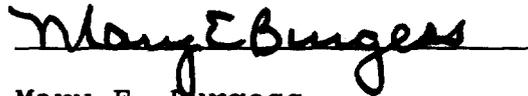
CC Docket RM-8448

Notice of Proposed Rulemaking to
Amend Part 32, Uniform System of
Accounts for Class A and Class B
Telephone Companies to Raise the
Expense Limit for Certain Items of
Equipment from \$500 to \$750

Comments of New York State
Department of Public Service

CERTIFICATE OF SERVICE

I, Mary E. Burgess, hereby certify that an original and nine copies of the above-captioned proceedings were sent via Airborne Express to Mr. Caton, and by First Class United States Mail, postage prepaid, to all parties on the attached service list.



Mary E. Burgess
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Office of General Counsel
NYS Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350
(518) 473-8123

Dated: June 28, 1995
Albany, New York