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February 23, 1998

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie R. Salas  
Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

Re: CC Docket No. 96-150, In the Matter of the Telecommunications Act of  
1996: Accounting Safeguards Under the Telecommunications Act of 1996

Dear Ms. Salas:

In accordance with Commission rules, please be advised that today, February 23, 1998, the undersigned, representing SBC Communications Inc., spoke with Mr. Jose Rodriguez, and Mr. Tom Quaile of the Accounting and Audits Division (AAD). Specifically, this discussion was held in response to questions that the AAD Staff had concerning how revenues would be recorded in accordance with Paragraphs 86 and 87 of the above proceeding, the "Accounting Safeguards Order," CC Docket No. 96-150. The matters discussed are reflected in the attached material, which was discussed at the meeting.

An original and one copy is being submitted. Acknowledgment and date of receipt of this transmittal are requested. A duplicate transmittal letter is attached for this purpose.

Please include this letter in the record of this proceeding in accordance with Section 1.1206(a)(2) of the Commission's Rules.

Sincerely,

A handwritten signature in black ink that reads "B. Jeannie Fry".

Attachment

cc: Mr. Rodriguez (w/attachment)  
Mr. Tom Quaile (w/attachments)

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271 (g) services (such as SS7, Distance Learning et. al.)

The following accounting entries satisfy the Docket 96-150 accounting requirements for Incidental Inter LATA in that it "will not adversely affect telephone exchange service ratepayers or competition in any telecommunications market."<sup>1</sup>

(1) LEC sells product to "customer" (not an affiliate). Example: SS7 to MCI or TI to a school for Distance Learning.

<u>Cash or A/R</u>	<u>Access Revenue</u>
\$\$	\$\$

(2) LEC sells product to "itself" (i.e. an affiliate). Example: LEC sells SS7 to long distance affiliate. Regular Tariff Price = \$0.03/min.; sell to affiliate at \$0.02/min.; affiliate sells its product (of which this is just a component) at \$0.14/min.

LEC BOOKS

<u>A/R or Cash</u>	<u>Access Revenue</u>	<u>5280</u>
.02	.02   .01 @	@ .01

@ 96-150 Paragraph 86 adjustment

LD affiliate BOOKS

<u>Expense</u>	<u>A/P</u>	<u>A/R or Cash</u>	<u>LD Revenue</u>
.02	.02	.14	.14

(3) LEC sells to affiliate at tariffed rate.

LEC BOOKS

<u>Cash or A/R</u>	<u>Access Revenue</u>
.03	.03

LD affiliate BOOKS

<u>Expense</u>	<u>A/P</u>
.03	.03

<sup>1</sup> Communication Act of 1934 as amended by The Telecommunications act of 1996, Section 271(h).