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

In the Matter of	)	
2000 Biennial Regulatory Review--	)	
Comprehensive Review of the	)	
Accounting Requirements and	)	CC Docket No. 00-199
ARMIS Reporting Requirements for	)	
Incumbent Local Exchange Carriers:	)	
Phase 2 and Phase 3	)	

PHASE 2 COMMENTS OF THE PUBLIC SERVICE COMMISSION OF WISCONSIN

I. Introduction

In 1999, the Federal Communications Commission (FCC) initiated a two-phased comprehensive review of its accounting rules and the related reporting requirements for incumbent local exchange carriers (LECs) to keep pace with changing conditions in the competitive telecommunications industry. In Phase 1, which concluded with the *Phase 1 Report and Order*[1], the FCC adopted Part 32 accounting rule changes and reporting reform measures for the Automated Reporting Management Information System (ARMIS) that could be implemented quickly. After reviewing the issues and the accounting and reporting rules, the FCC realized that the comprehensive review requires more than the two-phased process initially contemplated when it established this proceeding. In the Notice of Proposed Rulemaking (NPRM), adopted in this proceeding, the FCC commenced Phase 2, to seek comment on further accounting and

[1] Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 1, CC Docket No. 99-253, *Report and Order*, 15 FCC Rcd 8690 (2000) (*Phase 1 Report and Order*).

reporting reform measures that may be implemented in the near term, and Phase 3, to consider the appropriate indicia for more significant deregulation in this area.

II. Comments of the Wisconsin Commission

The Public Service Commission of Wisconsin (Wisconsin Commission) submits the following comments on the accounting and reporting issues discussed in the NPRM.

Part 32 Accounting Rules

In Phase 1, the FCC made a number of changes related to Part 32 accounting rules. In this NPRM, the FCC seeks comment on a further streamlining of accounting rules including revisions to the FCC's Part 32 chart of accounts, affiliate transaction rules, and expense limit rules. The Wisconsin Commission submits these comments on the following issues: chart of accounts, other regulatory relief related to proposals from the United States Telephone Association (USTA) involving the section 32.5280(c) subsidiary record requirement, deferred tax accounting, detailed property records, adoption of new accounting standards, and section 252(e) agreements, affiliated transactions, expense limits, additional modifications to cost allocation requirements, and cost allocation forecasts. The Wisconsin Commission chooses not to submit comments at this time on the issues of: inventories, charges to plant accounts, Statement of Financial Accounting Standards 116, Accounting for Contributions Received and Contributions Made, and incidental activities. The lack of written comments on these issues at this time should not be construed that this Commission is in support of or in opposition to the position set forth in the NPRM.

Chart of Accounts

The FCC seeks comment on specific proposals from both the industry and the states to streamline and modify the Uniform System of Accounts (USOA). Specifically, USTA has requested that the FCC uniformly adopt Class B accounting for all carriers. USTA also proposes that the FCC eliminate several subaccounts and jurisdictional difference accounts that Class B carriers currently must report.

In contrast to USTA's proposal, state regulatory commission staffs have advocated the adoption of some new accounts to meet their data needs to implement the 1996 Telecommunications Act[2] and to keep pace with changes in technology and the regulatory environment. These regulatory staff reason that new accounting information is needed to follow the rate of deployment and cost of new technologies, to evaluate prices for unbundled network elements (UNEs) and resold services, to determine separated jurisdictional costs, to provide more details for state access revenues, and to provide insight into issues related to reciprocal compensation, federal and state universal service support, and collocation.

The FCC indicates in the NPRM that it agrees with USTA that having fewer prescribed accounts than now require for Class B carriers would reduce the carriers' regulatory reporting burdens. Therefore, the FCC proposes to eliminate approximately one-fourth of the current Class A accounts. Specifically, the FCC seeks comment on the impact of eliminating the Class A account structure for network plant and related asset and expense accounts, and on how that would affect its ongoing mission.

The Wisconsin Commission agrees that the fundamentals of the industry have changed and the FCC's USOA has not evolved to reflect the new technological and market realities.

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[2] Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) (1996 Act). The 1996 Act amended the Communications Act of 1934 (Communications Act).

As the industry continues its transition to a more competitive environment, the USOA must evolve. As a result of these changes in the industry, a greater degree of flexibility in managing a company's business and for reporting accounting information is needed. The USOA must meet the needs of company management, regulators, investors, and competitors during the transition process. Pursuant to the last rewrite of the USOA, it is the goal of the FCC to rely on the same data utilized by management rather than mandating the reporting of data generated solely for submission to the regulatory agency. Therefore, any changes to the FCC accounting and reporting rules should be designed to meet both regulatory and management needs.

The Wisconsin Commission agrees with the FCC and USTA that prescribing fewer accounts, similar to those required for Class B carriers, would reduce the Class A carriers' regulatory reporting burdens. With this in mind, the Wisconsin Commission suggests that in evaluating USTA's proposal to adopt Class B accounting for all carriers, the FCC consider the following:

1. Most state commissions, if not all, use the FCC's USOA. Many states have different levels of regulation for the affected companies. In some cases, the affected companies are still subject to rate-of-return regulation where the accounting needs may be greater than states where the companies are under price regulation or some other form of alternative regulation. A change to a Class B account structure may not satisfy these needs for accounting information. In addition, to the extent that the FCC revises its USOA, there will be pressure on the state commissions to make the same changes. Otherwise, companies will be faced with multiple accounting systems to reflect FCC requirements and individual state requirements. For most or all of the affected companies that operate in more than one state, they will have to use numerous accounting systems.

2. While USTA maintains that the Class A account structure is not necessary to perform Parts 36 (Jurisdictional Separations), 64 (Joint Costs), and 69 (Access Charges), and rate-of-return calculations, the FCC must make sure that the Class B account structure meets all of the regulatory and management needs in these areas, as well as for universal service and price cap needs.

3. USTA asserts that carriers will always have detailed information available on their operations and accounting policies to provide to regulators as needed. State commissions are concerned, however, that if companies are not required to maintain information in the USOA, the companies will not maintain such information in another form, and it will not be available when a state commission requests that information for a regulatory purpose. In considering the change to a Class B account structure, therefore, the FCC must insure that all informational needs of the FCC and state commission are satisfied. To the extent information that is required today under the Class A account structure is eliminated under a Class B account structure, the FCC must be sure that the information is either no longer needed on a recurring basis, or that a carrier in fact will be able to provide the information when needed on an ad hoc basis.

In response to a Notice of Proposed Rulemaking in FCC 98-108, *1998 Biennial Regulatory Review—Review of Accounting and Cost Allocation Requirements*, the FCC received a position paper, *Accounting Simplification in the Telecommunications Industry,* prepared by the accounting firm of Arthur Andersen LLP (AA) on behalf of a coalition of local exchange carriers. In that position paper, AA maintains that, “Reporting once deemed meaningful, centered on the reporting of results by jurisdiction along Part 32 lines, is now rarely used. Instead, information relative to customers, customer segments, and specific products and services is most critical.”

The Wisconsin Commission questions how a simple switch from the Class A account structure to the Class B account structure will provide this most critical information relative to customers, customer segments, and specific products and services. The switch from Class A to Class B accounting only eliminates accounts, providing less detail. Such a change still uses Part 32 accounting, which AA criticizes, and does not provide the information that AA claims is necessary in today's telecommunications industry environment.

The Wisconsin Commission believes that the FCC's approach in this NPRM is a more reasoned one. Instead of just a simple switch from the Class A account structure to the Class B account structure, the FCC has attempted to analyze the differences between the two account structures, and the need for information in today's regulatory environment. The FCC has proposed eliminating a number of accounts that it considers no longer necessary, while still assuring the availability of information to the FCC and state commissions that will be sufficient to meet their regulatory responsibilities.

While the Wisconsin Commission agrees that it is important to minimize regulatory burdens, USTA only suggests reductions to existing accounting and recordkeeping requirements. The Wisconsin Commission believes that the proper perspective should be to determine what changes, plus and minus, are needed in the new environment. In some areas, less detail should be able to meet regulatory requirements. In other areas, greater detail may be needed to meet changing regulatory needs.

In addition to eliminating many accounts and subaccounts that are no longer needed in today's changing regulatory environment, the Wisconsin Commission suggests that the FCC consider new accounts that will provide information that can be used to follow the rate of deployment and cost of new technologies, to evaluate prices for UNEs and resold services, to determine separated jurisdictional costs, to provide more details for state access revenues, and to provide insight into issues related to reciprocal compensation, federal and state universal service support, and collocation. Attachment A shows the FCC proposed chart of accounts and a revised chart of accounts that the Wisconsin Commission suggests the FCC consider for Class A companies. This proposed chart of accounts eliminates certain accounts that are no longer needed in today's regulatory environment, while adding new accounts that are relevant in today's more competitive environment. The Wisconsin Commission believes that the new accounts proposed are, for the most part, equally applicable to Class A companies and Class B companies. The Wisconsin Commission, therefore, suggests that the FCC also consider revising the Class B account structure to add these new accounts.

Other Regulatory Relief

USTA has presented several additional proposals to further streamline FCC accounting and reporting requirements. These USTA proposals and the Wisconsin Commission's comments are as follows:

USTA Proposal 1. Eliminate the section 32.5280(c) subsidiary record requirement. This rule section requires carriers to maintain separate subsidiary categories for nonregulated revenue recorded in Account 5280, Nonregulated operating revenue.

Currently, although separate subsidiary record categories are maintained for each nonregulated revenue item recorded in this account, Wisconsin companies are not required to report account 5280 activity by separate subsidiary record categories in the incumbent local exchange carrier annual report filed with the Wisconsin Commission. The Wisconsin

Commission requires that companies list nonregulated activities in the Annual Report; however, no revenue data is reported.

USTA Proposal 2. Simplify deferred tax accounting by allowing carriers to book the Account 1437, Deferred tax regulatory asset, net of Account 4361, Deferred tax regulatory liability. USTA requests that carriers not be required to calculate the gross up for the tax on tax effect.

To the extent permitted under GAAP, the Wisconsin Commission sees no reason why this cannot be done for regulatory purposes.

USTA Proposal 3. Eliminate detailed requirements for property record additions, retirements, and recordkeeping. USTA contends that detailed property records do not impact the establishment of access rates and only serve to require LECs to maintain an extraordinary array of records.

While the Wisconsin Commission encourages the FCC to eliminate any recordkeeping requirement that is no longer needed or to streamline such requirements where possible, the FCC should keep in mind the results of continuing property records (CPR) audits of the major carriers. These audits indicated potentially serious problems in basic property records. While the FCC declined to pursue further investigation into the CPR audits with regard to whether the CPRs reflected assets that were not purchased or used by the major carriers in accordance with FCC rules, the FCC in its order closing the CPR audits stated that it remained concerned about the poor recordkeeping that these audits revealed. According to that order, the FCC's auditors found, and the major carriers did not seriously challenge, that the CPRs were not well maintained. Thus, the FCC found that the major carriers' CPRs were not maintained in accordance with FCC rules. Accordingly, the FCC directed the Common Carrier Bureau to work with the major carriers to evaluate and improve the accuracy of their property records and accounts to ensure compliance with the FCC's requirements going forward. Before the FCC eliminates any requirements for property record additions, retirements, and recordkeeping, therefore, it should ensure that the problems noted in its CPR audits will not be magnified.

USTA Proposal 4. Eliminate the section 32.16 requirement for notification and approval to implement new accounting standards prescribed by the Financial Accounting Standards Board (FASB).

While the Wisconsin Commission has adopted in its USOA a provision similar to the FCC's section 32.16 for changes in accounting standards, it does allow companies not subject to FCC jurisdiction to only file the impact of the change on the company's revenue requirement for the current year. While the Wisconsin Commission believes that it is still important that companies notify the FCC and state commissions in advance when they adopt a new accounting standard, the Wisconsin Commission suggests that the FCC consider reducing the revenue requirement study filing obligation associated with the notification. In addition, the FCC rules should consider the materiality of the change. While standards approved by the FASB go through a detailed process before they are approved, this process does not reflect an analysis of the public interest that is performed as part of a regulatory analysis. Prior notification, therefore, allows the FCC and state commissions time to analyze the change in accounting principles from a regulatory perspective while considering the current regulatory environment. In addition, companies should be required to notify and provide justification for any standard that they will not be adopting on a USOA basis. Where the impact of the change is immaterial, only prior notification should be required with no revenue requirement study.

USTA Proposal 5. Clarify that section 252(e) agreements are treated the same as tariffed services in Part 64 cost allocation rules.

The Wisconsin Commission supports this proposal and believes it is consistent with proposed additions to changes in the chart of accounts to add new accounts for interconnection services.

Affiliate Transactions

USTA makes a number of proposals related to affiliate transactions. These USTA proposals and the Wisconsin Commission's comments are as follows:

USTA Proposal 1. Revise section 32.27(d) to decrease the threshold from 50 percent to 25 percent for use of prevailing price in valuing affiliate transactions.

In its Accounting Safeguards Order in docket CC 96-150 [3], the FCC found that, "The mere offering of an asset or service to unaffiliated entities is not sufficient to establish a prevailing price. A substantial quantity of business must be conducted with unaffiliated third parties in order to establish a true prevailing price. Specifically, if the percentage of third-party business is small, there can be no assurance that the price agreed upon by the carrier and its affiliate represents the true market price, thus raising legitimate questions as to whether the parties actually negotiated 'on an arm's length basis.' In such situations, the use of prevailing prices to value transactions could permit an affiliate to charge inflated prices to its affiliated regulated carrier, possibly leading to higher prices for customers purchasing the regulated services."

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[3] Accounting Safeguards under the Telecommunications Act of 1996, CC Docket No. 96-150, *Report and Order*, 11 FCC Rcd 17539, 17638-39, ¶ 218 (1996) (*Accounting Safeguards Order*), *recon.*, *Order on Reconsideration in CC Docket No. 96-150*, 14 FCC Rcd 11396 (1999), *Second Order on Reconsideration*, 15 FCC Rcd 1161 (2000).

In that proceeding, the FCC concluded that annual sales of greater than 50 percent of a particular product or service to third parties must occur to satisfy the requirement that there be a substantial amount of outside business in order to produce a true prevailing price for that particular product or service. The FCC found that third-party sales of 50 percent or less are evidence of the fact that a party's primary function is to provide products or services to affiliates, rather than to outside market participants, and, consequently, those sales to unaffiliated entities are not sufficient to establish a true prevailing price.

The Wisconsin Commission believes that the rationale used by the FCC in setting the 50 percent threshold was reasonable and is still applicable today. In addition to a primary function test as discussed above, the Wisconsin Commission suggests that in determining whether to reduce the threshold from the current 50 percent, the FCC consider whether a lower percentage represents a significant influence over the company's pricing policy. If the FCC determines that 25 percent of an entity's business is insufficient to impose a significant influence over the entity when setting the prices it charges to an outside third party, then the FCC could either retain the 50 percent threshold or set the threshold at a level where it believes that there will be significant influence on the pricing.

USTA Proposal 2. Expand the exception to the estimated fair market value rule for services received by a carrier from an affiliate that exists solely to provide services to members of the carrier's corporate family to include all centralized services, regardless of whether the services are from a separate affiliate.

The Wisconsin Commission in docket FCC 98-108, filed comments supporting the consideration of recommendations made by AA about expanding the exemption related to nonregulated affiliates that exist solely to provide services to members of an affiliated group to price at cost should be considered. Those recommendations included expanding the exemption for support services provided by a carrier to affiliates that exist solely to provide services within the affiliated group and specific product/service lines offered only to affiliates.

USTA Proposal 3. Eliminate the requirement for fair market value comparison for asset transfers under $500,000.

In comments filed in docket FCC 98-108, the Wisconsin Commission also pointed out that a $100,000 threshold was consistent with a similar provision in the Wisconsin statutes. In Phase 1 of this comprehensive accounting review, the Wisconsin Commission stated that for purposes of consistency with state law, the Wisconsin Commission supports a threshold of $100,000. The Wisconsin Commission also stated that regardless of the threshold adopted, it should apply to all affiliate transactions. Since the FCC eliminated the requirement that carriers make a good faith determination of fair market value for each service in which the total annual value of transactions for that service is less than $500,000, the Wisconsin Commission supports the same exemption threshold for asset transfers.

USTA Proposal 4. Use the higher or lower of cost or market valuation as either a floor or ceiling for recording affiliate transactions.

In previous comments in docket FCC 98-108, the Wisconsin Commission stated that it believes that asymmetrical affiliate transaction rules are needed to guard against cross-subsidies that could give affiliates a cost advantage that competitors could never achieve. The market rate reflects the terms under which a company would be expected to sell to a non-affiliated company. The higher of cost or market assures the utility is fully compensated for work it does for an affiliate. The lower of cost or market shares economies of scale and scope when an affiliate sells to the utility and represents the cost the utility could have achieved if it produced the goods or service itself. To the extent the FCC retains asymmetrical affiliate transaction rules, the Wisconsin Commission supports the FCC. The one concern that the Wisconsin Commission has with this current proposal is that it could lead to cross-subsidies from an affiliate to the carrier. Where the LEC provides services to a nonregulated affiliate, the LEC would be allowed to charge more than market, generating additional revenues at the expense of its affiliate. Where the affiliate provides services to the LEC, it would be allowed to incur losses to the benefit of the LEC. Where the LEC is providing competitive services, competitors could argue that the LEC is receiving a subsidy from its affiliate and, therefore, has a competitive advantage. Since this proposal could benefit ratepayers currently, the Wisconsin Commission does not oppose the proposal. If this type of cross-subsidy becomes a problem in the future, competitors can raise the issue and it can be addressed at that time.

USTA Proposal 5. Exempt nonregulated to nonregulated transactions from affiliate transactions rules.

The Wisconsin Commission does not have jurisdiction over nonregulated to nonregulated transactions and, therefore, does not oppose this FCC proposal. The Wisconsin Commission is concerned if such transactions impact transactions with the LEC. The Wisconsin Commission believes that since it has supervisory jurisdiction over affiliated transactions affecting the LECs, this issue can be addressed under Wisconsin law if it becomes a problem.

Expense Limits

Section 32.2000(a)(4) of the FCC's rules requires that the cost of individual items in certain accounts shall be charged to the applicable expense accounts when those items cost $2,000 or less or have a life of less than one year. The FCC seeks comment on whether it should raise the expense limit from $500 to $2,000 for Account 2124, General support computers, and for the tools and test equipment included in the central office plant accounts. Alternatively, the FCC could extend the expense limit to include all the plant asset accounts, not just selected general support assets. The FCC also seeks comments addressing how it should treat the embedded investment in these accounts if the expense limit were raised.

The Wisconsin Commission believes that it makes sense to increase the capitalization limit to $2,000 for Account 2124, General support computers, and for the tools and test equipment included in the central office plant accounts. This change should reduce the burden on the carriers for maintaining continuing property records for these accounts. While the Wisconsin Commission generally supports the same capitalization threshold for all plant accounts, it has concerns that for some accounts, a threshold of $2,000 may result in a majority of the costs being expensed. To the extent that this is not a concern for any individual plant account, the FCC should consider expanding the $2,000 threshold.

Regarding the unamortized balance in any plant account (embedded investment) impacted by the change in the expense limit, the Wisconsin Commission suggests three methods for addressing these unamortized balances. One, amortize the undepreciated balance over a short time period depending on the size of the embedded investment. The period could be between two to five years depending on the investment balance. Two, depending on the size of the embedded investment, a company could write off the entire balance all at once. This would only be appropriate if the balance was small enough so as not to have a material impact on a company's income statement in that year. Three, continue depreciating the embedded investment based on current policy and start using the new thresholds on a going-forward basis.

The only problem with this method is that for some assets, it may take a long time to depreciate the entire embedded balance.

Additional Modifications to Cost Allocation Manual Requirements

Section 64.903 of the FCC's rules requires incumbent LECs with annual operating revenues from regulated telecommunications operations equal to or above a designated indexed revenue threshold (currently $114 million) to file cost allocation manuals (CAMs) annually setting forth the cost allocation procedures that they use to allocate costs between regulated and nonregulated services. USTA proposes that the FCC allow all carriers the option to allocate Part 64 costs at a Class B level. USTA contends that direct assignment of costs would not change if carriers moved from Class A to Class B accounting.

To the extent that USTA's proposal would simplify the allocation of Part 64 costs without creating other allocation problems, the Wisconsin Commission supports this proposal. As long as the allocation methods remain the same, the only difference should be the number of accounts that need to be allocated between regulated and nonregulated. Reducing the number of accounts should simplify the allocation process.

Cost Allocation Forecasts

Section 64.901(b)(4) of the FCC's rules requires that carriers allocate the costs of central office equipment and outside plant investment between regulated and nonregulated activities based on a forecast of the relative regulated and nonregulated usage during a three calendar year period beginning with the current calendar year. USTA has asserted that this rule is burdensome and unnecessary. USTA proposes to allocate such costs based on actual current usage.

The Wisconsin Commission supports the continued use of a three-year forecast. This allocation method more properly reflects the usage trend for regulated and nonregulated services. Using only actual current usage will not properly reflect that usage of some services is growing at a much higher rate than other services.

ARMIS Reporting Requirements

ARMIS provides the FCC and state commissions with information to monitor industry developments and quantify the effects of proposed changes in policy and rules. ARMIS integrates the financial data required under Parts 32 (USOA), 64 (Joint Cost), 36 (Jurisdictional Separations), and 69 (Access Charges) in a logical and consistent manner.

Most recently, in Phase 1 of this proceeding, the FCC, working closely with NARUC and state commissions, further streamlined the ARMIS requirements. Specifically, in Phase 1, the FCC granted relief to all carriers by significantly reducing the reporting requirements of the ARMIS 43-02, USOA Report.

Based on the discussions and concerns raised in workshops in Phase 2 of this proceeding, in this NPRM the FCC is proposing revisions to the following ARMIS Reports: 43-01 (Annual Summary Report); 43-02 (USOA Report); 43-03 (Joint Cost Report); 43-04 (Separations and Access Report); 43-07 (Infrastructure Report); and 43-08 (Operating Data Report).

ARMIS Reports 43-01, 43-02, 43-03, and 43-04

The FCC proposes a number of revisions to ARMIS Reports 43-01, 43-02, 43-03, and 43-04. In determining whether to make these proposed revisions, the Wisconsin Commission suggests that the FCC consider the following:

1. While the Wisconsin Commission encourages the FCC to eliminate all information that is not needed to regulate the carriers in today's regulatory environment, it should make sure that the information is definitely not needed on a recurring basis or can easily be obtained from other sources when needed.

2. To the extent the FCC believes that the same information can be generated from other ARMIS reports, the FCC should eliminate any reporting that is duplicative. The posting of any reports generated by the FCC from other ARMIS reports would be helpful to the state commissions. For comparison purposes, a state commission would only have to go to one source to get comparable information for a number of companies nationwide. Otherwise, a state commission would have to generate this information for a number of carriers, a very time-consuming process.

3. To the extent that information reported in the different ARMIS reports can be combined and still provide information needed by the FCC and state commissions, the FCC should attempt to do so. This will help reduce the reporting burden for the applicable carriers.

4. The Wisconsin Commission supports the FCC decision not to propose changes that would affect separations data in ARMIS 43-04, Separations and Access Report, until such time as the FCC takes action on the Federal State Separations Joint Board's recommendation for an interim five-year freeze on Part 36 category relationships and jurisdictional allocation factors for price cap carriers and allocation factors only for rate-of-return carriers.

5. Regarding revisions to the chart of accounts, the Wisconsin Commission suggests that the reporting of information on the breakdown between metallic and non-metallic cable investment and expense information is no longer necessary. Consistent with this suggestion,

therefore, the Wisconsin Commission does not believe that it is necessary to add rows to ARMIS reports to allow for reporting of this information.

ARMIS Reports 43-07 and 43-08

The FCC seeks comment on its proposal to eliminate the reporting of obsolete data and also the collection of data related to new technologies. The FCC also seeks comment on the continued need to collect this data at the federal level, or whether state-level collection or other sources would be sufficient. The FCC seeks comment on whether certain information collected in these reports is available from other data reported in ARMIS, and if so, whether there is a need for duplication. Finally, the FCC seeks comment on whether some of these proposals would be best considered in the context of the broadband data gathering proceeding.

The Wisconsin Commission agrees with the FCC that the gathering of information about the deployment of newer technologies would assist the FCC and state commissions in carrying out their missions of ensuring a competitive environment, while also ensuring universal service. In addition, the Wisconsin Commission agrees with the FCC that the collection of data on newer technologies will assist the FCC and state commissions in achieving their stated objectives of ensuring that incumbent LECs maintain and upgrade their network infrastructure for all consumers. It is the understanding of the Wisconsin Commission that in requesting new technology information, the intent of the FCC is to collect basic relevant facts about the deployment of new technologies, not to expand significantly its monitoring program. With this in mind, the Wisconsin Commission believes that the information that the FCC has identified for elimination, is reasonable in today's regulatory environment. In addition, the Wisconsin

Commission agrees that the new technology information that the FCC proposes to collect is important in today's regulatory environment.

The Wisconsin Commission believes that there is a continuing need to collect this infrastructure data at the federal level, rather than at the state level. Requiring all carriers to report the same information to the FCC makes it more efficient for the FCC and the state commissions to assess trends in investment in physical plant and to benchmark among carriers. Collecting this infrastructure data at the federal level offers one source of information that the FCC and state commissions can use in today's regulatory environment. Otherwise, a state commission would have to separately gather information for the companies in its jurisdiction and then try to obtain information from across the country on other companies. This would be much more difficult, more time-consuming, and more costly.

To the extent the FCC determines that the reporting of certain information is duplicative, it is encouraged to eliminate the duplication. This will help reduce the reporting burden on the carriers, while still assuring that needed information is available.

Regarding whether some of the FCC's proposals would be best considered in the context of the broadband data gathering proceeding, the Wisconsin Commission agrees with the NPRM when it states that, "The information collected through the *Local Competition and Broadband Data Gathering Program*[4], however, is not a substitute for the information collected in the ARMIS 43-07 and 43-08 Reports and was designed to be complementary to other Commission data gathering efforts, including ARMIS. The *Local Competition and Broadband Data Gathering Program* will provide the FCC with information on local competition and the deployment of advanced services in the United States; in contrast, the information collected in

[4] Local Competition and Broadband Reporting, CC Docket No. 99-301, *Report and Order*, 15 FCC Rcd 7717 (2000) (*Local Competition and Broadband Data Gathering Program*).

ARMIS provides the FCC with basic information about the infrastructure, capacity, and operating characteristics of the nation's network." The Wisconsin Commission believes that this distinction is still meaningful and ARMIS data is still needed even in light of the FCC's newer broadband data gathering efforts.

Relief for Mid-sized Carriers

In addition to the revisions to Part 32 Accounting Rules and ARMIS Reporting Requirements, the FCC is proposing accounting and reporting relief specifically aimed at mid-sized carriers. Relief proposals, together with comments from the Wisconsin Commission, are discussed below:

Reduced Cost Allocation Manual Procedures

Section 64.903 of the FCC's rules requires incumbent LECs with annual operating revenues from regulated telecommunications operations equal to or above a designated indexed revenue threshold (currently $114 million) to file CAMs annually setting forth the cost allocation procedures that they use to allocate costs between regulated and nonregulated services. Carriers required to file CAMs are also required to engage independent auditors to perform an audit. In the *Accounting Reductions Report and Order*[5], the FCC revised the audit requirement from an annual financial audit to an attest engagement every two years. Carriers with operating revenues below the indexed revenue threshold are not required to file a CAM or conduct CAM audits.

[5] *See Accounting Reductions Report and Order,* 14 FCC Rcd at 11406 - 07, ¶¶ 21 - 22.

The FCC proposes to eliminate the requirement that mid-sized incumbent LECs file their CAMs on an annual basis. The FCC seeks comment on whether these carriers should be required to maintain cost allocation manuals, even if they do not file those CAMs with the FCC. As an alternative, the mid-sized carriers could file a certification with the FCC stating that they are complying with the FCC's rules. In addition, the FCC proposes to eliminate the requirement for an attestation engagement every two years.

The FCC further seeks comment on whether its definition of mid-sized incumbent LECs should be increased from an indexed revenue threshold of $114 million to $200 million. Carriers were requested to discuss whether, alternatively, the threshold should be based on holding company revenues instead of operating company revenues, with a corresponding change in threshold.

The Wisconsin Commission supports the elimination of an annual filing requirement of CAMs by mid-sized carriers. The Wisconsin Commission does believe that the current information contained in a CAM is important information for a company to maintain, but the burden of filing annual updates is unnecessary. Requiring a company to file an annual certification, while not being much of a burden, also seems to be unnecessary. CAM audits (in this case, attestation engagements) are also not necessary. This is consistent with the treatment afforded carriers with operating revenues below the indexed revenue threshold. As the NPRM indicates, the Common Carrier Bureau would have the authority to request further information or order an audit of the carrier's books to ensure they are in compliance with the FCC's cost allocation requirements.

The Wisconsin Commission takes no position regarding the raising of the definition of mid-sized incumbent LECs from $114 million to $200 million, since Wisconsin classifies companies as Class A or Class B based on access lines. For purposes of accounting and reporting, the Wisconsin Commission considers not only the size of each company, but also the companies that they are affiliated with in a holding company system. If the FCC bases its definition on holding company operating revenues, it should probably raise the threshold. Otherwise, instead of reducing the number of large companies, it may increase the number.

Streamlined ARMIS Reporting Requirements

In addition to the above accounting revisions, the FCC proposes to eliminate the ARMIS 43-02, 43-03, and 43-04 reporting requirements for mid-sized carriers. The FCC is concerned that the cost of regulatory compliance may disproportionately impact the mid-sized carriers filing these more detailed ARMIS reports. The FCC seeks comment on retaining the reporting requirement that mid-sized carriers report in ARMIS 43-01 (Summary Report), which presents information in a highly aggregated form. The FCC also seeks comment on the costs and benefits of retaining the requirement that carriers at or above the threshold continue to file operating data in the ARMIS 43-08 Report. The FCC further proposes to reduce the requirements in ARMIS 43-01 by combining certain columns, while either adding a new column for excluded services or adding excluded services' cost and revenue data to the billing and collection data in a renamed column. Finally, the FCC seeks comment on whether it would be appropriate to extend all or part of this relief to larger carriers.

In determining whether it is appropriate to reduce reporting requirements for mid-sized carriers as discussed above, the Wisconsin Commission directs the FCC's attention to pages 16 to 20 of this Commission's comments regarding ARMIS changes for the large-sized carriers.

The Wisconsin Commission believes that many of these comments are also applicable to the streamlined ARMIS requirements for mid-sized carriers discussed above.

Regarding whether it would be appropriate to extend all or part of this relief to larger carriers, the Wisconsin Commission believes that the revisions proposed for the large carriers as discussed previously (see pages 16 to 20) are sufficient and that further reductions, similar to mid-sized carriers, are not appropriate at this time.

Conclusion

The Wisconsin Commission supports the streamlining of accounting and reporting requirements to keep pace with the changing conditions in the telecommunications industry. In response to the NPRM in this proceeding, the Wisconsin Commission has provided comments on those issues that this Commission is concerned about at this time. We would appreciate the FCC giving careful consideration to these comments as well as the chart of account recommendations contained in Attachment A.

Dated at Madison, Wisconsin, December 21, 2000

By the Commission:

/s/ Lynda L. Dorr

Lynda L. Dorr
Secretary to the Commission

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Comparison of FCC's Class A Accounts Proposal Contained in October 18, 2000, Notice of Proposed Rulemaking with Wisconsin Commission's Proposal in Phase 2 Comments
CC Docket No. 00-199

FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
1120 Cash and equivalents	1120 Cash and equivalents 1. Affiliated 2. Nonaffiliated	Affiliated versus nonaffiliated amounts should also be identified for old account 1160 included in new account 1120 in accordance with the Wisconsin Commission's supervisory jurisdiction over affiliated interest transactions and Telecommunications Act of 1996 requirement in § 272(b)(5) that Bell operating companies conduct all transactions with affiliates on an arms-length basis. Cross-subsidy concerns similar to § 272(b)(5) exist in all affiliate transactions when some services are still not subject to effective competition.
1180 Telecomm. accounts receivable 1181 Acct. rec. allowance-telecomm. 1190 Other accounts receivable 1191 Acct. rec. allowance-other 1200 Notes receivable 1201 Notes receivable allowance 1210 Interest and dividends receivable	1185 Telecomm. accounts receivable-net 1215 Other receivables-net 1. Affiliated 2. Nonaffiliated	Combine existing accounts 1180 and 1181 into new account 1185, Telecommunications accounts receivable-net. Also combine existing accounts 1190, 1191, 1200, 1201 and 1210 into new account 1215, Other Receivables-Net, retaining the affiliated/nonaffiliated breakdown (per the sub-accounts requirement contained in the former accounts and recognizing the Wisconsin Commission's supervisory jurisdiction over affiliated interest transactions) as well as additional reasoning contained above for account 1120.
1220 Inventories	1220 Inventories	No change.
1280 Prepayments	1280 Prepayments	No change.
1350 Other current assets	1350 Other current assets	No change.
1401 Investments in affiliated companies	1401 Investments in affiliated companies	No change.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
1402 Investments in nonaffiliated cos.	1402 Investments in nonaffiliated cos.	No change.
1406 Nonregulated investments	1406 Nonregulated investments	No change.
1407 Unamortized debt issuance exp.	1407 Unamortized debt issuance exp.	No change.
1408 Sinking funds	1408 Sinking funds 1. Affiliated 2. Nonaffiliated	Affiliated versus nonaffiliated amounts should be identified for account 1408 in accordance with the Wisconsin Commission's supervisory jurisdiction over affiliated interest transactions as well as additional reasoning contained above for account 1120.
1410 Other noncurrent assets	1441 Other noncurrent assets & deferred charges	Combine accounts 1410, 1438 and 1439 into new account 1441, Other noncurrent assets & deferred charges.
1437 Deferred tax regulatory asset	1437 Deferred tax regulatory asset	No change.
1438 Deferred maintenance & retirements	1441 Other noncurrent assets & deferred charges	Combine accounts 1410, 1438 and 1439 into new account 1441, Other noncurrent assets & deferred charges.
1439 Deferred charges	1441 Other noncurrent assets & deferred charges	Combine accounts 1410, 1438 and 1439 into new account 1441, Other noncurrent assets & deferred charges.
1500 Other jurisdictional assets-net	1500 Other jurisdictional assets-net	No change.
2001 Telecomm. plant in service	2001 Telecomm. plant in service	No change.
2002 Property held for future telecomm. use	2002 Property held for future telecomm. use	No change.
2003 Telecomm. plant under constr.	2003 Telecomm. plant under constr.	No change.

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FCC Class A Proposal	Wisconsin Commission Class A Proposal	Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal
2005 Telecomm. plant adjustment	2005 Telecomm. plant adjustment	No change.
2006 Nonoperating plant	2006 Nonoperating plant	No change.
2007 Goodwill	2007 Goodwill	No change.
2110 Land and support assets 2111 Land 2112 Motor vehicles 2113 Aircraft 2114 Tools and other work equip. 2121 Buildings 2122 Furniture 2123 Office equipment 2124 General purpose computers	2110 Land and support assets 2111 Land 2112 Motor vehicles 2113 Aircraft 2114 Tools and other work equip. 2121 Buildings 2122 Furniture 2123 Office equipment 2124 General purpose computers	No change.
2210 Central office-switching 2211 Analog electronic switching 2212 Digital electronic switching 2215 Electro-mechanical switching	2210 Central office-switching 2212 Digital electronic switching .1 Packet .2 ATM 2216 Electro-mechanical & analog switching	Combine existing accounts 2211 and 2215 into new account 2216, Electro-mechanical & analog switching, due to dying nature of these technologies. Provide sub-accounts in account 2212 for packet and asynchronous transfer mode (ATM) in order to evaluate deployment of advanced services. Also provide subsidiary records for main distribution frame, line cards, central processing and features in account 2212 to assist in identification of traffic versus nontraffic sensitive costs. Economic theory supports recovering nontraffic sensitive costs via fixed charges and traffic sensitive costs via usage-based charges.
2220 Operator system	2220 Operator system	No change.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
2230 Central office-transmission 2231 Radio system 2232 Circuit equipment	2230 Central office-transmission	Combine accounts 2231 and 2232 into summary account 2230. Also provide sub-accounts for loop and interoffice transport, which will provide information useful in evaluating the reasonableness of forward-looking unbundled network element (UNE) costs.
2310 Information origination/termination 2311 Station apparatus 2321 Customer premises wiring 2341 Large private branch exchanges 2351 Public telephone terminal equipment 2362 Other terminal equipment	2310 Information origination/termination 2321 Customer premises wiring 2351 Public telephone terminal equipment 2363 Other Information Origination/Termination Assets	Combine accounts 2311, 2341 and 2362 into new account 2363, Other Information Origination/Termination Assets. Retained accounts should also contain loop and interoffice transport sub-accounts, which will provide information useful in evaluating the reasonableness of forward-looking UNE costs.
2410 Cable and wire facilities 2411 Poles 2421 Aerial cable 2422 Underground cable 2423 Buried cable 2424 Submarine cable 2425 Deep sea cable 2426 Intrabuilding network cable 2431 Aerial wire 2441 Conduit systems	2410 Cable and wire facilities 2411 Poles 2421 Aerial cable 2422 Underground cable 2423 Buried cable 2426 Intrabuilding network cable 2427 Underwater cable 2431 Aerial Wire 2441 Conduit systems	Combine accounts 2424 and 2425 into new account 2427, Underwater cable. Acceptable to eliminate metallic and nonmetallic distinctions in various accounts due to identical range of depreciation rates prescribed by Wisconsin Commission. Retained accounts should also contain loop and interoffice transport sub-accounts, which will provide information useful in evaluating the reasonableness of forward-looking UNE costs.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
2680 Amortizable tangible assets 2681 Capital leases 2682 Leasehold improvements	2680 Amortizable tangible assets	Combine accounts 2681 and 2682 into summary account 2680, Amortizable tangible assets.
2690 Intangibles	2690 Intangibles	No change.
3100 Accumulated depreciation	3100 Accumulated depreciation	No change.
3200 Acc. depr.-held for future telecomm. use	3200 Acc. depr.-held for future telecomm. use	No change.
3300 Acc. depr.-nonoperating	3300 Acc. depr.-nonoperating	No change.
3400 Acc. amort.-tangible 3410 Acc. amort.-capitalized leases 3420 Acc. amort.-leasehold improvements	3400 Acc. amort.-tangible	Combine accounts 3410 and 3420 into summary account 3400, Acc. amort.-tangible.
3500 Acc. amort.-intangible	3500 Acc. amort.-intangible	No change.
3600 Acc. amort.-other	3600 Acc. amort.-other	No change.
4010 Accounts payable	4025 Accounts & notes payable 1. Affiliated 2. Nonaffiliated	Combine accounts 4010 and 4020 into new account 4025, Accounts & notes payable. Affiliated and nonaffiliated sub-accounts should also be provided per additional reasoning contained above for account 1120.
4020 Notes payable	4025 Accounts & notes payable 1. Affiliated 2. Nonaffiliated	Combine accounts 4010 and 4020 into new account 4025, Accounts & notes payable. Affiliated and nonaffiliated sub-accounts should also be provided per additional reasoning contained above for account 1120.
4030 Advance billing & payments	4030 Advance billing & payments	No change.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
4040 Customers' deposits	4040 Customers' deposits	No change.
4050 Current maturities-long-term debt	4065 Current maturities	Combine accounts 4050 and 4060 into new account 4065, Current maturities.
4060 Current maturities-capital leases	4065 Current maturities	Combine accounts 4050 and 4060 into new account 4065, Current maturities.
4070 Income taxes-accrued	4085 Accrued taxes	Combine accounts 4070 and 4080 into new account 4085, Accrued taxes.
4080 Other taxes-accrued	4085 Accrued taxes	Combine accounts 4070 and 4080 into new account 4085, Accrued taxes.
4100 Net cur. def. oper. inc. taxes	4100 Net cur. def. oper. inc. taxes	No change.
4110 Net cur. def. nonoper. inc. taxes	4110 Net cur. def. nonoper. inc. taxes	No change.
4120 Other accrued liabilities	4135 Other liabilities	Combine accounts 4120 and 4130 into new account 4135, Other liabilities.
4130 Other current liabilities	4135 Other liabilities	Combine accounts 4120 and 4130 into new account 4135, Other liabilities.
4210 Funded debt	4280 Long-term debt	Combine accounts 4210-4250 and 4270 into new account 4280, Long-term debt.
4220 Premium on long-term debt	4280 Long-term debt	Combine accounts 4210-4250 and 4270 into new account 4280, Long-term debt.
4230 Discount on long-term debt	4280 Long-term debt	Combine accounts 4210-4250 and 4270 into new account 4280, Long-term debt.
4240 Reacquired debt	4280 Long-term debt	Combine accounts 4210-4250 and 4270 into new account 4280, Long-term debt.
4250 Obligations under cap. leases	4280 Long-term debt	Combine accounts 4210-4250 and 4270 into new account 4280, Long-term debt.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
4260 Advances from affiliated cos.	4260 Advances from affiliated cos.	No change.
4270 Other long-term debt	4280 Long-term debt	Combine accounts 4210-4250 and 4270 into new account 4280, Long-term debt.
4310 Other long-term liabilities	4310 Other long-term liabilities	No change.
4320 Unamortized oper. investment tax credits (ITC)-net	4335 Unamortized ITC-net	Combine accounts 4320 and 4330 into new account 4335, Unamortized ITC-net.
4330 Unamortized nonoper. ITC-net	4335 Unamortized ITC-net	Combine accounts 4320 and 4330 into new account 4335, Unamortized ITC-net.
4340 Net noncurr. def. oper. inc. taxes	4345 Net noncurr. def. inc. taxes	Combine accounts 4340 and 4350 into new account 4345, Net noncurr. def. inc. taxes.
4341 Net def. tax liability adjustments	4341 Net def. tax liability adjustments	No change.
4350 Net noncurr. def. nonoper. inc. taxes	4345 Net noncurr. def. inc. taxes	Combine accounts 4340 and 4350 into new account 4345, Net noncurr. def. inc. taxes.
4360 Other deferred credits	4360 Other deferred credits	No change.
4361 Deferred tax regulatory liability	4361 Deferred tax regulatory liability	No change.
4370 Other jurisdictional liabilities & deferred credits-net	4370 Other jurisdictional liabilities & deferred credits-net	No change.
4510 Capital stock	4510 Capital stock	No change.
4520 Additional paid-in-capital	4520 Additional paid-in-capital	No change.
4530 Treasury stock	4530 Treasury stock	No change.
4540 Other capital	4540 Other capital	No change.
4550 Retained earnings	4550 Retained earnings	No change.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
5000 Basic local service revenue	5000 Basic local service revenue 5001 Basic area revenue 5002 Optional extended area revenue 5003 Cellular mobile revenue 5004 Other mobile services revenue 5040 Local private line revenue 5050 Customer premises revenue 5060 Other local exchange revenue 5069 Other local exchange revenue settlements 5071 UNE revenue 5072 Interconnection (not otherwise included in other accounts) 5073 Reciprocal Compensation 5074 Federal universal service fund (USF) support revenue 5075 State USF support revenue 5076 Resale 5077 Collocation revenue	Retain existing accounts and supplement with accounts for UNE and interconnection revenue (assisting in the identification of the relative magnitudes of the different methods competitors use to enter the market), reciprocal compensation revenue, federal and state USF support revenue (with subsidiary record categories for each type of support mechanism, per the FCC's Responsible Accounting Officer (RAO) Letter 27), resale revenue, and collocation revenue (this item should be separately identified in the local category, instead of as a subsidiary record in account 5240, in that, per the 1996 Act, it provides interconnection or access to UNEs). The UNE revenue account should contain subsidiary records for each UNE defined in the UNE Remand Order
5080 Network access revenue	5080 Network access revenue	No change.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
5081 End user revenue	5081 End user revenue 1. Subscriber line charge (SLC) 2. Non-SLC	SLC and non-SLC (e.g., USF assessments to end users) sub-accounts should be provided in order to separately identify fixed monthly charges versus usage-based charges. This information is useful in evaluating whether revisions to pricing structure are successfully moving toward recovering nontraffic sensitive costs via fixed charges and traffic sensitive costs via usage-based charges.
5082 Switched access revenue	5082 Switched access revenue 1. Flat-rate (PICC) 2. Usage-based	Fixed monthly charges versus usage-based charges should be separately identified via sub-accounts. Separate flat-rate and usage-based sub-accounts may not be necessary if the flat-rate amount is expected to be immaterial due to access charge reform.
5083 Special access revenue	5083 Special access revenue	No change.
5084 State access revenue	5084 State access revenue 1. SLC (end user) 2. Non-SLC 3. PICC 4. Usage-based switched access 5. Special access	These sub-accounts may be useful to state commissions attempting to evaluate whether revisions to pricing structure are successfully moving toward recovering nontraffic sensitive costs via fixed charges and traffic sensitive costs via usage-based charges.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
5100 Long distance message revenue	5100 Long distance message revenue 5110 Unidirectional long distance rev. 5120 Long distance private network rev. 5160 Other long distance revenue 5169 Other long distance revenue settlements	Combine existing accounts 5111 and 5112 into account 5110. Combine existing accounts 5121-5129 into account 5120. Retain accounts 5160 and 5169. Respective interstate and intrastate amounts should be provided for each account.
5200 Miscellaneous revenue	5200 Miscellaneous revenue 5230 Directory revenue 5240 Rent revenue 5250 Corporate operations revenue 5260 Miscellaneous revenue 5270 Carrier billing and collection rev. 1. Intrastate 2. Interstate	Combine accounts 5261-5269 into account 5260. Retain accounts 5230, 5240, 5250 and 5270, with respective intrastate and interstate amounts provided for the latter account via sub-accounts.
5280 Nonregulated operating revenue	5280 Nonregulated operating revenue	No change.
5300 Uncollectible revenue	5300 Uncollectible revenue 5301 Uncollectible revenue-telecomm. 5302 Uncollectible revenue-other	Retain existing accounts 5301 and 5302.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
6110 Network support expenses 6112 Motor vehicle expense 6113 Aircraft expense 6114 Tools and other work equip. exp.	6110 Network support expenses 6112 Motor vehicle expense 6113 Aircraft expense 6114 Tools and other work equip. exp.	No change.
6120 General support expenses 6121 Land & building expense 6122 Furniture & artworks expense 6123 Office equip. expense 6124 General purpose computers exp.	6120 General support expenses 6121 Land & building expense 6122 Furniture & artworks expense 6123 Office equip. expense 6124 General purpose computers exp.	No change.
6210 Central office switching expenses 6211 Analog electronic expense 6212 Digital electronic expense 6215 Electro-mechanical expense	6210 Central office switching expenses 6212 Digital electronic expense .1 Packet expense .2 ATM expense 6216 Electro-mechanical & analog switching expense	Combine existing accounts 6211 and 6215 into new account 6216, Electro-mechanical & analog switching expense, due to dying nature of these technologies. Provide sub-accounts in account 6212 for packet and ATM in order to evaluate deployment of advanced services. Also provide subsidiary records for main distribution frame, line cards, central processing and features in account 6212 to assist in identification of traffic versus nontraffic sensitive costs. Economic theory supports recovering nontraffic sensitive costs via fixed charges and traffic sensitive costs via usage-based charges.
6220 Operator systems expense	6220 Operator systems expense	No change.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
6230 Central office transmission exp. 6231 Radio systems expense 6232 Circuit equipment expense	6230 Central office transmission exp.	Combine existing accounts 6231 and 6232 into summary account 6230. Also provide sub-accounts for loop and interoffice transport, which will provide information useful in evaluating the reasonableness of forward-looking UNE costs.
6310 Info. orig./termination expense 6311 Station apparatus expense 6341 Large private branch exchange expense 6351 Public tel. terminal equip. exp. 6362 Other terminal equipment expense	6310 Info. orig./termination expense 6351 Public tel. terminal equip. exp. 6365 Other information origination/termination (IOT) expense	Combine accounts 6311, 6341 and 6362 into new account 6365, Other IOT expense. Retained accounts should also contain loop and interoffice transport sub-accounts, which will provide information useful in evaluating the reasonableness of forward-looking UNE costs.
6410 Cable & wire facilities exp. 6411 Poles expense 6421 Aerial cable expense 6422 Underground cable expense 6423 Buried cable expense 6424 Submarine cable expense 6425 Deep sea cable expense 6426 Intrabuilding network cable expense 6431 Aerial wire expense 6441 Conduit systems expense	6410 Cable & wire facilities exp. 6411 Poles expense 6421 Aerial cable expense 6422 Underground cable expense 6423 Buried cable expense 6426 Intrabuilding network cable expense 6427 Underwater cable expense 6431 Aerial wire expense 6441 Conduit systems expense	Combine existing accounts 6424 and 6425 into new account 6427, Underwater cable expense. Eliminate metallic and non-metallic sub-accounts for each of the retained accounts, but add sub-accounts for loop and interoffice transport, the latter which will provide information useful in evaluating the reasonableness of forward-looking UNE costs.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
6510 Other property, plant & equip. exp. 6511 Property held for future telecomm. use exp. 6512 Provisioning expense	6510 Other property, plant & equip. exp.	Combine existing accounts 6511 and 6512 into summary account 6510.
6530 Network operations expenses 6531 Power expense 6532 Network administration expense 6533 Testing expense 6534 Plant operations admin. exp. 6535 Engineering expense	6530 Network operations expenses	Combine existing accounts 6531-6535 into summary account 6530.
6540 Access expense	6540 Access expense	No change.
	6551 UNE expense 6552 Interconnection expense (not otherwise included in other accounts) 6553 Reciprocal compensation 6554 Purchased telecommunications service for resale expense 6555 Federal USF support expense 6556 State USF support expense 6557 Collocation	Create new expense accounts (to parallel new suggested revenue accounts) for UNE expense (this account would contain subsidiary records for each UNE defined in the UNE Remand Order), interconnection expense, reciprocal compensation, resale, federal and state USF support expense (with subsidiary record categories for each type of support mechanism, per the FCC's RAO Letter 27), and collocation expense. The UNE and interconnection expense accounts will assist in the identification of the relative magnitudes of the different methods competitors use to enter the market.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
6560 Depreciation & amort. exp. 6561 Depr. exp. – telecomm. plant in service (TPIS) 6562 Depr. exp. – prop. held for future telecomm. use 6563 Amortization exp. – tangible 6564 Amortization exp. – intangible 6565 Amortization exp. – other	6560 Depreciation & amort. exp. 6561 Depr. exp. – TPIS 6562 Depr. exp. – prop. held for future telecomm. use 6563 Amortization exp. – tangible 6564 Amortization exp. – intangible 6565 Amortization exp. – other	No change.
6610 Marketing	6610 Retail Services	Combine existing accounts 6611, 6612, 6613 and 6623 and the retail portion of account 6724, Information Management, into a new account titled Retail Services (synonymous with avoided costs). The FCC may wish to select an account number other than 6610 to avoid possible confusion with the former summary account for marketing. With the requirement to resell wholesale services at a discount, data is needed regarding what are retail costs and what costs will continue to be incurred when providing wholesale services. Making this distinction when costs are originally incurred and classified is easier than attempting to subsequently extract this information.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
6620 Services	6620 Wholesale Services	Combine existing accounts 6621 and 6622 and the wholesale portion of account 6724, Information Management, into a new account titled Wholesale Services. The FCC may wish to select an account number other than 6620 to avoid possible confusion with the former summary account for services. Combine former account 6623 into new Retail Services account. With the requirement to resell wholesale services at a discount, data is needed regarding what are retail costs and what costs will continue to be incurred when providing wholesale services. Making this distinction when costs are originally incurred and classified is easier than attempting to subsequently extract this information.
6710 Executive and planning	6710 Executive and planning	No change.
6720 General and administrative	6720 General and administrative 6721 Accounting and finance 6722 External relations 6723 Human resources 6725 Legal 6726 Procurement 6727 Research and development 6728 Other general and administrative	Retain existing accounts with the exception of account 6724, which should be moved either to the new Retail Services or Wholesale Services account (per above notations for accounts 6610 and 6620).
6790 Provision for uncollectible notes receivable	6790 Provision for uncollectible notes receivable	No change.

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FCC Class A Proposal	**Wisconsin Commission Class A Proposal**	**Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal**
7100 Other oper. inc. & exp.	7100 Other oper. inc. & exp. 7110 Income from custom work 7130 Return from nonreg. use of reg. facilities 7141 Operating gains & losses	Retain existing accounts 7110 and 7130. Combine gains and losses previously included in existing accounts 7140, 7150 and 7160 into new account 7141, Operating gains & losses.
7200 Operating taxes 7210 Operating ITC-net 7220 Operating federal income taxes 7230 Operating state & local inc. taxes 7240 Operating other taxes 7250 Prov. for def. oper. inc. taxes-net	7200 Operating taxes 7210 Operating ITC-net 7220 Operating federal income taxes 7230 Operating state & local inc. taxes 7240 Operating other taxes 7250 Prov. for def. oper. inc. taxes-net	No change.
7300 Nonoperating income & expense 7340 Allow. for funds used during construction (AFUDC) 7360 Other nonoperating income 7370 Special charges	7300 Nonoperating income & expense 7310 Dividend income 7320 Interest income 7330 Inc. from sinking & other funds 7340 AFUDC 7350 Nonoperating gains & losses 7360 Other nonoperating income 7370 Special charges	Retain existing accounts. Rename account 7350 to Nonoperating gains & losses to reflect nonoperating nature of account.
7400 Nonoperating taxes	7400 Nonoperating taxes 7401 Nonoperating federal taxes 7402 Nonoperating other taxes	Substitute two new accounts, 7401 (Nonoperating federal taxes) and 7402 (Nonoperating other taxes), for existing accounts 7410, 7420, 7430, 7440 and 7450.

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FCC Class A Proposal	Wisconsin Commission Class A Proposal	Documentation for Wisconsin Commission Suggested Changes to FCC's Proposal
7500 Interest and related items 7510 Interest on funded debt 7520 Interest expense-capital leases 7530 Amort. of debt issuance exp. 7540 Other interest deductions	7500 Interest and related items 7510 Interest on funded debt 7521 Other interest expense 7530 Amort. of debt issuance exp.	Combine existing accounts 7520 and 7540 into new account 7521, Other interest expense.
7600 Extraordinary items	7600 Extraordinary items	No change.
7910 Inc. effect of jurisdictional ratemaking differences-net	7910 Inc. effect of jurisdictional ratemaking differences-net	No change.
7990 Nonregulated net income	7990 Nonregulated net income	No change.