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PUBLIC REGULATION  
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TONY SCHAEFER, Chairman  
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August 30, 2001

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FCC MAIL ROOM

Mr. Michael K. Powell, Chairman  
Ms. Gloria Tristani, Commissioner  
Ms. Kathleen Q. Abernathy, Commissioner  
Mr. Michael J. Copps, Commissioner  
Mr. Keven J. Martin, Commissioner  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW Portals II Building  
Washington, DC 20544

**RE: In The Matter of 2000 Biennial Regulatory Review – Comprehensive Review  
of The Accounting Requirements and ARMIS Reporting Requirements for  
Incumbent Local Exchange Carriers, CC Docket No. 00-199.**

Dear Chairman Powell and Commissioners:

The New Mexico Public Regulation Commission (NMPRC) applauds the FCC's successful efforts to involve the States in this streamlining process, and respectfully suggests that the cooperative effort has been of mutual benefit resulting in proposed reductions in Class A Accounts of about 40 percent. The few new accounts proposed are necessary adjuncts to the reform proposal. The NMPRC fully supports the NARUC and States' position set out in the comments they have filed with the FCC.

The States appreciate the fact that we were invited into the process early to work with the FCC on reforming these accounts. The process worked. Not only were there formal discussions in advance of the notice – but also 16 States and NARUC filed comments in various stages of the proceeding. We believe the right balance – with the addition of several new accounts – has been struck.

The FCC's proposal for Class A streamlining generally maintains sufficient detail for regulators, but some crucial areas are ignored in plant, expense, and revenue accounts. These areas are covered by the proposed new accounts covering universal

service, new technology deployments, and interconnection arrangements. Those additional accounts, along with the proposed reduced Class A structure, are necessary for FCC and State regulators to determine universal service funding levels, pole attachment rates, customer rates in rate of return States, and UNE and interconnection rates.

We also agree with the FCC's cautious approach to eliminating requirements that are necessary to promote universal service, foster efficient competition, and protect consumers before significant market changes occur.

More detail on our specific positions is provided in the appendix included with this letter. If you have any questions about this or any other NMPRC position, please do not hesitate to contact me at (505) 827-8020.

Respectfully Submitted,

**New Mexico Public Regulation Commission**

By

  
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**TONY SCHAEFER, CHAIRMAN**

## Appendix

- I. The NMPRC urges the FCC to reject in toto the USTA's Proposal to Eliminate Class A Accounting for Large ILECs – taking them down to Class B level reporting.**
- **Elimination of Class A accounting requirements would undermine States' ability to understand the nature of the carriers' costs – and make it more difficult for States to evaluate ILEC Cost studies prepared for determining universal service support, UNE prices, and interconnection prices.**
  - **The USTA argument that Class A accounting requirements are too burdensome for the largest ILECs is disingenuous as the data is already collected – whether it is reported or not.**
  - **The USTA argument that no accounting and reporting requirements are necessary under a price cap/"CALLS" regulatory regime is false.**
  - **Accounting and reporting requirements are clearly necessary for monitoring UNE pricing and universal service support, both critical elements in promoting competition and connectivity as required by the 1996 Act.**
- II. The NMPRC generally supports the NPRM Proposal to eliminate 125 of 296 Class A accounts (mostly revenue, expense, and liability accounts); retaining 171 current accounts.**
- **In general we applaud the FCC's efforts to simplify and streamline its accounting and reporting requirements and certainly agree with the elimination of any overlap of federal and State reporting requirements (one focus of this proceeding) as well as elimination of other unnecessary reporting requirements.**
  - **We appreciate the fact that we were invited into the process early to work with the FCC on reforming these accounts. We believe the process worked. Not only were there informal discussions in advance of the notice – but also 16 States and NARUC filed comments in various stages of the proceeding. The streamlining suggested has eliminated about 40 percent of the accounts. We believe the right balance – with the addition of several new accounts – has been struck.**

**III. The NMPRC generally supports the State proposals to add several new accounts to reflect new technologies and the requirements of the '96 Act (e.g., universal service support, UNE pricing, number portability).**

- **The accounts suggested by States for new technologies are appropriate and necessary to enable the FCC to maintain an up-to-date accounting system.**
- **The following few additional accounts, along with the proposed Class A structure, are necessary for both federal and State regulators to determine universal service funding levels, pole attachment rates, customer rates in rate of return States, and UNE and interconnection rates:**
  - **Creation of expense and revenue accounts for UNE and interconnection to help States administer the prices of these services.**
  - **Creation of a new account for packet and ATM switches to reflect the planned wide-scale deployment of such facilities.**
  - **Creation of expense and revenue accounts for universal service funding, reciprocal compensation, resale and collocation activities.**

**IV. The NMPRC supports (1) elimination of reporting requirements in ARMIS that are less useful and/or obsolete, (2) upgrades of ARMIS to collect information on new technologies, and (3) believes elimination of State-by-State ARMIS data would be counterproductive.**

- **The NMPRC fully supports the FCC's proposal to eliminate the collection of obsolete data and to update its ARMIS reports to obtain information on new technologies (upgrades and investments in switching and transmission capacity) that are critical components of the carrier's network infrastructure.**
- **The NMPRC believes the USTA's proposal to eliminate State-by-State ARMIS information would undermine the States' ability to use any data provided by ARMIS.**