

ORIGINAL

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350

Internet Address: <http://www.dps.state.ny.us>

PUBLIC SERVICE COMMISSION

MAUREEN O. HELMER  
*Chairman*  
THOMAS J. DUNLEAVY  
JAMES D. BENNETT  
LEONARD A. WEISS  
NEAL N. GALVIN



EX PARTE OR LATE FILED

LAWRENCE G. MALONE  
*General Counsel*

JANET HAND DEIXLER  
*Secretary*

September 28, 2001

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OCT 1 2001

FCC MAIL ROOM

Hon. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals  
445 Twelfth St., S.W.  
Washington, D.C. 20554

**Re: Ex Parte Comments – To be filed in the proceeding captioned “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 Secretary Salas:

In accordance with section 1.1206(b)(1) of the FCC’s rules, the New York State Department of Public Service submits for filing this notice of *ex parte* written submission for inclusion in the public record of this proceeding. We respectfully request any waivers needed to file this notice more than 24 hours old out of time. We originally filed on August 22, 2001, they do not appear in your system

Respectfully submitted,

Brian P. Ossias  
Assistant Counsel  
Public Service Commission  
Of The State Of New York  
Three Empire State Plaza  
Albany, New York 12223-1350

Encl.

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## PUBLIC SERVICE COMMISSION

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August 22, 2001

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FCC MAIL ROOM

Honorable Michael K. Powell  
Chairman  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, DC 20554

Re: Ex Parte Letter – In the Matter of Phase 2 of the Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers; CC Docket No. 00-199.

Dear Chairman Powell:

I am writing this letter because I understand that the Commission will shortly be **making** a decision about the reporting requirements for incumbent local exchange carriers. On July 13, 2001, the New York Public Service Commission (NYPSC) filed comments supporting the proposal to **reduce** the USOA Reporting Requirements. The NYPSC shares with the FCC a common interest in eliminating duplicative and burdensome record-keeping requirements.

However, it is important that specific accounts in the following three groups be **contained** in the revised USOA (listed in order of priority):

- Wholesale Accounts – These are primarily revenue-related accounts, which provide a minimum of information distinguishing between retail and wholesale operations.<sup>1</sup>
- Affiliate Accounts – These accounts provide information on transactions between the regulated entity and its affiliates.<sup>2</sup>

<sup>1</sup> Specifically Accounts 5086, 5090, 6551 and 6554.

<sup>2</sup> Specifically Accounts 1180, 1181, 1190, 1191, 1200, 1201, 1401, 4010, 4020, 4260, 6790 and 7130.

- Ratemaking Accounts – These accounts contain information used to evaluate a regulated company's return.<sup>3</sup>

The telecommunications market is in the midst of a substantial change engendered by the Telecommunication Act of 1996. Monitoring the consequences of the Act's pricing regime both in terms of competitive inroads and its impact on retail operations is fundamental to our regulatory responsibilities during the transition. Furthermore, the proliferation of mergers in the late 1990's has created a labyrinth of affiliate transactions. Assuring that consumers are not disadvantaged by intra-company "arrangements" has long been a regulatory concern, which has now been increasingly relevant to competitors. The ratemaking accounts that should be retained are those that we have found contain information useful in the discharge of our regulatory duties to ensure that rates are just and reasonable.

On balance, the costs associated with the proposed additional reporting are minimal, since prudent management would track major cost items such as these. For example, wholesale operations are effectively a major line of business, and revenues are tracked routinely as part of management's oversight duties. Affiliate transactions must be removed for purposes of filing consolidated tax returns and management tracks these transactions throughout the organization. Finally, internal management accounting systems already track general and administrative costs at degrees of detail beyond existing requirements.<sup>4</sup> Moreover, to the extent that particular costs may not be tracked, the burden will be minimal.

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<sup>3</sup> Specifically Accounts 1407, 4040, 4050, 4210, 4220, 4230, 4240, 4270, 4360, 5230, 5240, 6710, 6721, 6722, 6728, 7510, 7520, 7530 and 7540.

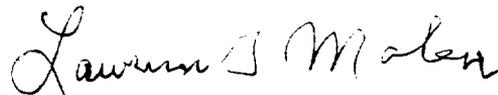
<sup>4</sup> For example, FASB Statement of Concepts 1 (Objectives of Financial Reporting by Business Enterprises) provides:

**Financial reporting is not an end in itself but is intended to provide information that is useful in making business and economic decisions – for making reasonable choices among alternate uses of scarce resources in the conduct of business and economic decisions. Thus, the objectives set forth stem largely from the needs of those for whom the information is intended, which in turn depend significantly on the nature of the economic activities and decisions with which the users are involved (para 9).**

Chairman Michael K. Powell  
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August 22, 2001  
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We urge the Commission to include the accounts listed above. At this point, the information that should be reported is consistent with general business practices for financial reporting and is relevant to the discharge of our regulatory responsibilities.

Respectfully submitted,



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cc: Kathleen Q. Abernathy, Commissioner  
Michael J. Copps, Commissioner  
Kevin J. Martin, Commissioner  
Gloria Tristani, Commissioner  
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