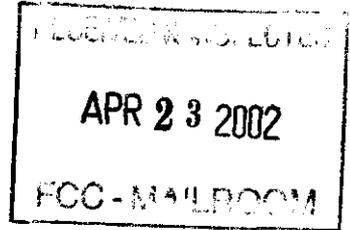




ILLINOIS COMMERCE COMMISSION

Office of General Counsel

April 08, 2002



William F. Caton, Acting Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street SW
Room TW-B204
Washington DC 20554

Re: *FCC Docket No. 01-305, Further Notice of Proposed Rule Making in CC*
Docket Nos. ~~00-309~~, 99-301, and 80-286
00-199

Dear Mr. Caton:

On November 5, 2001, the Commission released a Further Public Notice ("Public Notice") in the above-captioned matter. The Commission seeks comment on its proposed timelines for the further deregulation of Accounting requirements and ARMIS reporting. Specifically, the Commission invites comment regarding the sunseting of CPR requirements in three years and Part 32 accounts in 3 to 5 years. The Commission also seeks comment on the replacement of Part 32 with GAAP requirements, the revising of affiliate transaction rules and the sunseting of ARMIS reporting requirements in 3 to 5 years with infrastructure information gathered in the Broadband Data Gathering Program.

The Illinois Commerce Commission ("ICC") has previously filed comments in the opening phases of this proceeding.¹ The ICC expressed its opposition to the deregulation of Accounting Requirements and ARMIS reporting requirements. The ICC reiterates its earlier position and adds the following observations on Phase III of this proceeding.

Generally, the Public Notice proposes elimination of the FCC's Uniform System of Accounts ("USOA"). Such action, if adopted, would force states to develop and maintain a state USOA in order to ensure access to necessary accounting information required for state regulation. This would create a proliferation of different systems of accounts throughout the nation. Data would not be comparable between jurisdictions. Moreover, under this scenario, the FCC's objective of streamlining record-keeping requirements would not only not be achieved, but the record-keeping burdens would be significantly increased as carriers would have to maintain multiple systems of accounts, instead of the

¹ Comments of the Illinois Commerce Commission, dated January 18, 2001 and Ex Parte filing August 24, 2001.

current single, universal system. For example, two of the major carriers operating in Illinois operate in approximately 13 to 17 states each. Adoption of the FCC's proposed action can only add to the complexity of the problems state regulators face in determining the proper allocation of costs as the state regulators would need to acquire a familiarity with the systems of accounts required in the various other states.

In the event that the FCC decides to move forward with the elimination of the USOA, Illinois believes that the proposed three-year transition period is inadequate. In order to avoid the anticipated problems of the multiple systems of accounts described above, the states may decide to work together to develop a substitute of the FCC's USOA. Such an effort will certainly take longer than three years for each of the 50 states to put in place. Therefore, if the FCC decides to move forward with the elimination of its USOA, a five to seven year transition period should be considered at a minimum.

The Public Notice also asks that states required by state law to mirror federal accounting requirements to identify themselves. Illinois is not such a state. It has elected to mirror federal accounting requirements when establishing its Administrative Rules. Effecting a change in Illinois Administrative Rules is a lengthy process involving public hearings, comment periods and concurrence of the Illinois' legislative Joint Committee on Administrative Rules. The amount of time required to change Illinois Administrative Rules is comparable to seeking a legislative change.

The Public Notice recognizes that ARMIS reporting requirements are essential to states for ratemaking and cost study purposes and to the FCC for its administration of universal service for the time being.² The ARMIS sunset provision of 3 to 5 years is not enough time for states to act in a concerted manner and would not allow for an orderly transition. As mentioned above, if the FCC decides to move forward with the elimination of ARMIS reporting requirements, the FCC should consider a five to seven year transition period at a minimum.

² *Further Notice of Proposed Rulemaking in CC Docket Nos. 00-199, 99-301, and 80-286*, CC Docket No. 01-305, ¶ 207 (rel. Nov. 5, 2001).

Respectfully submitted,



Myra Karegianes
General Counsel and
Special Assistant Attorney General

John P. Kelliher
Solicitor General
Special Assistant Attorney General
160 N. LaSalle, Suite C-800
Chicago, Illinois 60601
(312) 793-2877

Counsel for the
Illinois Commerce Commission

cc:

Hon. Chairman Michael K. Powell
Hon. Comm. Kathleen Q. Abernathy
Hon. Comm. Michael J. Copps
Hon. Comm. Kevin J. Martin