



February 13, 2017

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: Comprehensive Review of the Part 32 Uniform System
of Accounts, WC Docket No. 14-130

Dear Ms. Dortch:

On February 9, 2017, B. Lynn Follansbee of USTelecom – The Broadband Association, Ian Dillner of Verizon, Jeb Benedict and Tim Boucher (via phone) of CenturyLink and Linda Vandeloop and Bill Roughton (via phone) of AT&T met with Claude Aiken, Legal Advisor to Commissioner Clyburn. On February 10, 2017, the same parties met with Amy Bender, Legal Advisor to Commissioner Michael O’Rielly.

In both meetings, the conversation focused on the parties’ understanding of the draft Order on circulation addressing the Commission requirements for price cap carriers to maintain accounting books developed pursuant to the Commission’s Part 32 Uniform System of Accounts when these companies already maintain accounting records developed under Generally Accepted Accounting Principles (GAAP).¹

USTelecom and the companies expressed support for the elimination of outdated Part 32 rules and discussed the methodology that the companies used in developing the proposed transition for calculating pole attachment rates.² The companies explained that the proposal is designed to take into account the differences between the two methodologies, particularly the timing of depreciation and the cost of removal of poles. The proposal seeks to provide a simple and transparent method for addressing any delta between the results derived under the two methodologies and ensuring a long 12-year transition so that the transition is fair to both attachers and the carriers and meets the requirements of the Act. Unlike a rate freeze, this proposal allows companies to incorporate relevant expenses and costs on an annual basis into

¹ *Comprehensive Review of the Part 32 Uniform System of Accounts*, Notice of Proposed Rulemaking, 29 FCC Rcd 10638 (2014).

² Letter from Timothy Boucher, CenturyLink, to Marlene H. Dortch, FCC, WC Docket No. 14-130 (Jan. 26, 2017).

their calculation, more consistent with the Act, rather than relying on outdated information at the same time as it neutralizes the impact of the transition from Part 32 to GAAP based inputs.

During the discussion, the parties noted that pole attachment rates derived using Part 32 accounting data are highly variable from year to year and that variability would continue with GAAP-derived pole attachment rates. Indeed, under the proposal in many instances, pole attachment rates are expected to be lower than those derived under Part 32. We also described how impractical it would be to maintain Part 32 accounts just for pole attachment rate calculations. To support the understanding of the transition from Part 32 to GAAP, the parties have provided in the record multiple years of accounting data derived under both Part 32 and GAAP and the parties agreed to provide additional copies of those filings to the legal advisors for their use.

Additionally, the parties reminded the legal advisors that this proceeding is about removing unnecessary accounting regulations that are no longer necessary for price cap carriers and only serve to create an administrative and regulatory burden. Removing these rules would streamline carriers' operations and remove an impediment to the deployment of broadband.

Please contact the undersigned should you have any questions.

Respectfully submitted,



B. Lynn Follansbee
Vice President – Law & Policy

c: Claude Aiken
Amy Bender