



February 16, 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:

USTelecom and its member companies submit this ex parte filing to respond to the ex parte submitted recently by the America Cable Association (ACA) about the overdue phase-out of Part 32 accounting obligations for price cap carriers.<sup>1</sup>

What ACA has proposed does not raise anything beyond that which was already proposed by NCTA – The Internet and Television Association, in their ex parte letter filed last week.<sup>2</sup> Part 32 accounting is a relic of rate-of-return regulation, and continuing these costly accounting requirements makes no sense for America’s price cap carriers. Any sort of requirement that Part 32 books be maintained only for pole attachments defeats the value the relief sought. These duplicate accounting requirements impose real costs, needlessly tying up resources that these carriers otherwise could devote to more productive uses.

USTelecom and its members worked diligently to develop a reasonable transition mechanism for the calculation of pole attachment rates once price cap carriers are no longer required to maintain accounting records derived under Part 32.<sup>3</sup> The transition as proposed mitigates for the differences between the two accounting regimes. A freeze of any sort does not provide any additional benefit to either party. It only serves to arbitrarily freeze a rate from a single year’s costs and fails to incorporate on an annual basis the statutorily relevant expenses and costs that vary significantly from year to year. The ILEC proposal meets the statutory goals

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<sup>1</sup> Letter from Thomas Cohen, Kelley, Drye & Warren, LLP, Counsel for American Cable Association, to Marlene H. Dortch, FCC, WC Docket No. 14-130 (Feb. 15, 2017).

<sup>2</sup> Letter from Steven Morris, NCTA, to Marlene H. Dortch, FCC, WC Docket No. 14-130 (Feb. 8, 2017).

<sup>3</sup> Letter from Timothy Boucher, CenturyLink, to Marlene H. Dortch, FCC, WC Docket No. 14-130 (Jan. 26, 2017).

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of the Act and is an appropriate long-term solution that relies on annual, auditable accounting data while at the same time neutralizing any impact of the transition from Part 32 to GAAP on pole attachment rates. The carriers' approach is a conservative system – presented in good faith – to transition price cap pole attachments from one accounting methodology to another. The proposal is not an effort to increase pole attachment rates; any suggestion otherwise is conflating an argument about problems with the formula used to define rates with a procedural accounting issue.

Please contact the undersigned should you have any questions.

Respectfully submitted,



B. Lynn Follansbee

Vice President – Law & Policy