



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:

On February 15, 2017, B. Lynn Follansbee of USTelecom – The Broadband Association (via telephone), Tim Boucher of CenturyLink (via telephone), Ian Dillner of Verizon, Jeb Benedict of CenturyLink and Linda Vandeloop of AT&T met with Jay Schwarz, Legal Advisor to Chairman Pai. In the meeting, 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).<sup>1</sup>

USTelecom and the companies expressed support for the elimination of outdated Part 32 rules and discussed the methodology that the companies used in developing the proposed transition for calculating pole attachment rates.<sup>2</sup> 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expenses and costs on an annual basis into their calculation, more consistent with the Act, rather than relying on outdated information at the same time as it neutralizes the impact of the transition from Part 32 to GAAP based inputs.

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

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

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 provided Mr. Schwarz with copies of the USTelecom February 13<sup>th</sup> and 14<sup>th</sup> ex parte filings for his use.

Additionally, the parties reminded Mr. Schwarz 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: Jay Schwarz