Federal agencies and the States and establishes specific review procedures the Federal government must follow as it carries out policies which affect state or local governments. OSHA has consulted extensively with New Jersey throughout the development, submission and consideration of its proposed State plan. Although OSHA has determined that the requirements and consultation procedures provided in Executive Order 13132 are not applicable to initial approval decisions under the Act, which have no effect outside the particular State receiving the approval, OSHA has reviewed the New Jersey initial approval decision proposed today, and believes it is consistent with the principles and criteria set forth in the Executive Order.

H. Authority

This document was prepared under the direction of Charles N. Jeffress, Assistant Secretary of Labor for Occupational Safety and Health. It is issued under section 18 of the OSH Act (29 U.S.C. 667), 29 CFR part 1902, and Secretary of Labor's Order No. 3–2000 (65 FR 50017).

Signed at Washington, DC this 6th day of November 2000.

Charles N. Jeffress,

Assistant Secretary of Labor.

[FR Doc. 00–28998 Filed 11–9–00; 8:45 am]

BILLING CODE 4510–26–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Parts 52 and 81

[MI74–7282b; FRL–6896–4]

Approval and Promulgation of State Implementation Plans; Michigan

AGENCY: Environmental Protection Agency.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Environmental Protection Agency (EPA) is proposing to adjust the applicability date for reinstating the 1-hour ozone National Ambient Air Quality Standard (NAAQS) in Genesee, Bay, Midland, and Saginaw Counties, Michigan and is proposing on a determination that these areas have attained the 1-hour ozone NAAQS. This determination is based on 3 consecutive years of complete, quality-assured, ambient air monitoring data for the 1997–1999 ozone seasons that demonstrate that the areas have attained the ozone NAAQS. On the basis of this determination, EPA is also proposing that certain attainment demonstration requirements, and certain related requirements of part D of subchapter I of the Clean Air Act (CAA), do not apply to Genesee, Bay, Midland, and Saginaw Counties.

EPA is also proposing to approve the State of Michigan's request to redesignate Genesee, Bay, Midland, and Saginaw Counties to attainment for the 1-hour ozone NAAQS. Michigan submitted the redesignation request for these areas on May 9, 2000. EPA is also proposing to approve the State's plan for maintaining the 1-hour ozone standard for the next 10 years as a revision to the Michigan State Implementation Plan (SIP).

In the final rules section of this **Federal Register**, EPA is approving the State's request as a direct final rule without prior proposal because EPA views this action as noncontroversial and anticipates no adverse comments. A detailed rationale for approving and disapproving portions of the State's request is set forth in the direct final rule. The direct final rule will become effective without further notice unless the Agency receives relevant adverse written comment on this proposed rule within 30 days of this publication. Should EPA receive adverse comment, it will publish a document informing the public that the direct final rule will not take effect and that EPA will address adverse comments in a subsequent final rule based on this proposed rule. If EPA does not receive adverse comments, the direct final rule will take effect on the date stated in that document and EPA will not take further action on this proposed rule. EPA does not plan to institute a second comment period on this action. Any parties interested in commenting on this document should do so at this time.

DATES: EPA must receive written comments by December 13, 2000.

ADDRESSES: Send written comments to: Carlton T. Nash, Chief, Regulation Development Section, Air Programs Branch (AR–18J), United States Environmental Protection Agency, 77 West Jackson Boulevard, Chicago, Illinois 60604.

FOR FURTHER INFORMATION CONTACT: John Mooney at (312) 886–6043.

SUPPLEMENTARY INFORMATION: For additional information see the direct final rule published in the rules section of this **Federal Register**. Copies of the documents relevant to this action are available for public inspection during normal business hours at the above address. (Please telephone John Mooney at (312) 886–6043 before visiting the Region 5 Office.)

Authority: 42 U.S.C. 7401–7671 *et seq.*

Dated: October 26, 2000.

Francis X. Lyons,

Regional Administrator, Region 5.

[FR Doc. 00–28806 Filed 11–9–00; 8:45 am]

BILLING CODE 6560–50–U

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 32, 43 and 64

[CC Docket No. 00–199; FCC 00–364]

2000 Biennial Regulatory Review—Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2 and Phase 3

AGENCY: Federal Communications Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: In this document the Commission is initiating Phase 2 and Phase 3 of the 2000 Biennial Regulatory Review—Comprehensive Accounting and ARMIS review. This Notice of Proposed Rulemaking (NPRM), will examine long-term changes need as new technologies impact the provision of telecommunications services and as local exchange markets become competitive.

DATES: Interested parties may file comments on the Phase 2 section of the NPRM on or before December 21, 2000, and reply comments on or before January 30, 2001; Phase 3 comments may be filed on or before January 30, 2001 and reply comments on or before February 28, 2001. Written comments must be submitted by the Office of Management and Budget (OMB) on the proposed and/or modified information collections on or before January 12, 2001.

ADDRESSES: Federal Communications Commission, 445 12th Street, SW, TW–A325, Washington, DC 20554. In addition to filing comments with the Office of the Secretary, a copy of any comments on the information collections contained herein should be submitted to Judy Boley, Federal Communications Commission, Room 1–C804, 445 12th Street, SW, Washington, DC 20554, or via the Internet to *jboley@fcc.gov*; and to Edward C. Springer, OMB Desk Officer, 10236 NEOB, 725 17th Street, NW., Washington, DC 20503 or via the Internet to *Edward.Springer@omb.eop.gov.*

FOR FURTHER INFORMATION CONTACT: Mika Savir, Accounting Safeguards

Division, Common Carrier Bureau, at (202) 418–0384 or JoAnn Lucanik, Accounting Safeguards Division, Common Carrier Bureau, at (202) 418–0873.

For additional information concerning the information collections contained in this document, contact Judy Boley at 202–418–0214, or via the Internet at *jboley@fcc.gov*.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Commission's Notice of Proposed Rulemaking, CC Docket No. 00–199, FCC 00–364, adopted October 12, 2000 and released October 18, 2000. The full text of this Commission NPRM is available for inspection and copying during normal business hours in the FCC Reference Center (CY–A257), 445 12th Street, SW, Washington, DC. The complete text of this NRPM may also be purchased from the Commission's copy contractor, International Transcription Service, Inc., 1231 20th Street, NW., Washington, DC 20036.

This NPRM contains proposed information collections subject to the Paperwork Reduction Act of 1995 (PRA). It has been submitted to the Office of Management and Budget (OMB) for review under the PRA. OMB, the general public, and other Federal agencies are invited to comment on the proposed information collections contained in this proceeding.

Paperwork Reduction Act

This NPRM contains a proposed information collection. The Commission, as part of its continuing effort to reduce paperwork burdens, invites the general public and the Office of Management and Budget (OMB) to comment on the information collections contained in this NPRM, as required by the Paperwork Reduction Act of 1995, Public Law 104–13. Public and agency comments are due at the same time as other comments on this NPRM; OMB notification of action is due January 12, 2001.

Comments should address: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

OMB Control Number: None.

Title: 2000 Biennial Regulatory Review—Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2 and Phase 3, CC Docket No. 00–199.

Form No.: FCC Reports 43–01, 43–02, 43–03, 43–04, 43–05, 43–07, 43–08, 495A and 495B.

Type of Review: New collection.

Respondents: Business or other for-profit.

Title	No. of respondents	Estimated hours per response*	Total annual burden
Part 32—Uniform Systems of Accounts (Class A recordkeepers only)	30	33,383	1,001,490
Implementation of the Telecommunications Act of 1996 Accounting Safeguards Under The Telecommunications Act of 1996 (Affiliate Transaction Only)	20	24	480
Sections 64.901–64.903, Allocation of Cost, Cost Allocations Manual	5	600	3,000
Section 64.904, Independent Audits	5	250	1,250
ARMIS Annual Summary Report: FCC Report 43–01	29	115	3,335
ARMIS Uniform System of Accounts: FCC Report 43–02	30	430	12,900
ARMIS Service Quality Report: FCC Report 43–05	12	**855	10,264
ARMIS Infrastructure Report: FCC Report 43–07	7	370	2,590
ARMIS Joint Cost Report: FCC Report 43–03	93	83	7,719
ARMIS Access Report: FCC Report 43–04	93	601	55,893
ARMIS Operating Data Report: FCC Report 43–08	53	129	6,837
Forecast of Investment & Actual Usage Reports: FCC Reports 495A & B	186	40	7,440

*These are the estimated hours if all the proposals are adopted in a Report and Order.
**Includes recordkeeping requirement.

Total Annual Burden: 1,113,198 hours.

Cost to Respondents: $65,000–$1,200,000.

Needs and Uses: In CC Docket No. 00–199, the Commission seeks comment on streamlining its part 32 chart of accounts, modifying its affiliate transactions rules, and revising its expense limits rules. In addition, the NPRM seeks comment on streamlining the accounting and reporting requirements specifically for mid-sized carriers by eliminating mandatory CAM filing and CAM audits for these carriers. The NPRM seeks comment on the modification of all ARMIS reports, except FCC Report 43–06. The information is needed so that the Commission can fulfill its statutory responsibilities and obligations.

Synopsis of Notice of Proposed Rulemaking

In this item, we commence Phase 2, to seek comment on further accounting and reporting reform measures that may be implemented in the near term; and Phase 3, to consider the appropriate indicia for more significant deregulation in this area.

Commencement of Phase 2, that is also part of our biennial regulatory review process, is particularly appropriate at this time given the recent changes in the telecommunications industry and recent changes in regulatory requirements for the largest incumbent LECs.

In 1999, we initiated this comprehensive review proceeding to examine further reform measures and announced a two-phased approach that would address immediate and long-term reform. We adopted a number of immediate reform measures in our *Phase 1 Report and Order,* 65 FR 16328 (March 28, 2000). We realize now that further immediate reform measures may be warranted at this time, as we consider long-range reform. Thus, in Phase 2, we seek comment on immediate accounting and reporting reform measures that are appropriate now, and in Phase 3, we seek comment on appropriate indicia for more significant deregulation in this area. Our actions to implement immediate reforms will not slow down our long-range plans for accounting and reporting deregulation. We envision that Phase 2 and Phase 3 will proceed concurrently. Accordingly, we seek comment on both

immediate and long-term reform measures.

During this comprehensive review, we have worked closely with the National Association of Regulatory Utility Commissioners (NARUC), state commissions, and the industry. We are also working with the states to eliminate overlap of federal and state reporting requirements, as well as eliminating unnecessary reporting requirements. Under section 220(i) of the Communications Act, the Commission must notify the state commissions before modifying the chart of accounts and must allow the states a reasonable opportunity to present their views. Even without this statutory requirement, we recognize the state commissions' significant expertise with accounting and cost allocation issues and would invite their recommendations.

In the following sections, we set forth proposals for the second phase of our comprehensive review and seek comment on streamlining accounting rules and ARMIS reporting requirements for Class A carriers. We also set forth a separate proposal for streamlining our accounting and reporting requirements specifically for mid-size carriers. In addition to commenting on these proposals, commenters are encouraged to propose any additional recommendations for action. In the third phase of our comprehensive review, we seek comment on specific issues and long-term proposals as we continue to move to a more deregulatory environment.

A. Part 32 Accounting Rules

In this NPRM, we seek comment on further revising our part 32 chart of accounts, our affiliate transactions rules, and our expense limits rules.

1. Chart of Accounts

In this NPRM, we seek comment on modifications to the Uniform System of Accounts to reduce burdens on Class A carriers. We propose retaining the current Class B account structure for the incumbent LECs currently reporting at the Class B level. We seek comment on specific proposals from both the industry and the states to streamline and modify the USOA. Specifically, USTA has requested that we uniformly adopt Class B accounting for all carriers. USTA contends that Class A accounting is not needed for jurisdictional separations, price caps, or universal service mechanisms. The states, in contrast, have asked us to add additional accounts to track information for various purposes. USTA also proposes that we eliminate several subaccounts and Jurisdictional Difference Accounts that Class B carriers currently must report. USTA contends that carriers should not be required to maintain subaccounts or subsidiary records that are not necessary to meet business requirements. In addition, USTA contends that the Jurisdictional Difference Accounts are not needed because they are not used for federal regulatory oversight and the information in these accounts is also provided to the states. We seek comment on these proposals.

In considering USTA's request to use Class B accounts for all carriers, we have found many instances where Class B accounting would appear to meet the Commission's data needs. We agree with USTA that fewer prescribed accounts such as we now require for Class B carriers would reduce the carriers' regulatory reporting burdens. Therefore, we propose to eliminate approximately one-fourth of the current Class A accounts. Based on our examination of the various accounts, we believe there is no continuing need for carriers to record their costs in these accounts. We seek comment on whether eliminating these accounts would undermine our ability to meet our statutory mission.

We also seek comment on the remaining three-fourths of Class A accounting. In particular, we seek comment on the impact of eliminating the Class A account structure for network plant and related asset and expense accounts, and how that would affect our ongoing mission. We seek comment on whether using Class B accounting for all carriers would provide sufficient information for our purposes. Commenters should address the impact this rule modification would have on universal service mechanisms and anything else they deem relevant. For example, we note that there may be a continuing need for network plant and related accounts at the Class A level in order to maintain and use the universal service model we utilize in administering the universal service high cost fund for non-rural carriers. For instance, Class A accounting requires that switching equipment be accounted for by technology (*i.e.*, analog electronic switching, digital electronic switching, and electro-mechanical switching) whereas Class B combines all switching technologies in one account. The universal service high cost model currently determines the cost of providing digital switching equipment using Class A central office equipment accounts. We seek comment on how we could avoid serious distortions in the digital switching cost estimates if all types of switching equipment were combined as they are in Class B accounts.

In addition, Class A accounting data may be used by the states on a comparative basis in state UNE pricing proceedings. We seek comment on the prevalence and frequency of such state use. Commenters should also address whether states could find or develop alternative sources of data for this purpose. Part 32 organizes telecommunications costs in a manner that allows a logical mapping of these costs to telecommunications rate structures. Switching costs, for example, currently are tracked separately from transport costs under our part 32 rules. This cost distinction permits the carriers' use of separate rate structures for switching and transport UNEs, thus facilitating the states' efforts to compare costs and rates for each UNE. Part 32 creates uniformity among telecommunication carriers, allowing state regulators to compare and benchmark the UNE costs and rates of carriers operating in various states. Such uniformity also benefits carriers operating in more than one jurisdiction. Part 32 provides the level of cost detail that is used in forward-looking cost studies. For example, estimates of operating costs for digital switches can be derived from Class A accounts in part 32, thus enabling the states to evaluate forward-looking switching costs without the distortion that could result if all types and vintages of switches were combined into one account. Consequently, state and federal regulators may use uniform and detailed accounting data when setting rates, even when those rates are based on forward-looking costs. Commenters should discuss whether reporting at the Class B level would provide sufficient detail to identify costs for various rate elements and services such as collocation, UNEs, interconnection, and long term number portability.

In contrast to USTA's proposal, in our teleconferences and public workshops, state staff advocated adoption of new accounts to meet their data needs to implement the 1996 Act and to keep pace with changes in technology and the regulatory environment. They reason that new accounting information is needed to follow the rate of deployment and cost of new technologies, to evaluate prices for UNEs and resold services, to determine separated jurisdictional costs, to provide more details for state access revenues, and to provide insight into issues related to reciprocal compensation, state universal service support, and collocation. We seek comment on whether and, if so, specifically how we

should amend part 32 to add these new accounts. Commenters should discuss whether specific accounts are needed and provide detailed analysis as to what regulatory purpose the new information would serve. Commenters should also address and quantify, to the extent possible, the regulatory burdens associated with establishing and maintaining these new accounts. We also seek comment on whether these new accounts should be required for both Class A and Class B carriers.

2. Other Regulatory Relief

In the USTA petition and during our workshops, the carriers raised several other areas that would provide additional regulatory relief by generally loosening restrictions in our current rules. We seek comment on these areas, which are discussed in the following paragraphs. In addition, we seek comment on any other areas that may provide similar relief.

a. Inventories

Section 32.1220(h) of the Commission's rules, provides that inventories of material and supplies shall be taken during each calendar year and the adjustments to this account shall be charged or credited to Account 6512, Provisioning expense. Section 32.2311(f) of the Commission's rules requires an annual inventory of all station apparatus in stock included in this account. In its petition for rulemaking, USTA proposes that GAAP requirements should be the basis for performing these inventories instead of the detailed inventory requirements in the rules and that companies should be able to perform inventories based on risk assessment and on existing controls. We seek comment on whether we should adopt USTA's proposal to eliminate these inventory requirements.

b. Charges to Plant Accounts

In its petition for rulemaking, USTA contends that the cost of construction should be calculated using GAAP and that management judgment and materiality should form the basis of the criteria for determining the status of construction. USTA argues that arbitrary thresholds, such as the two month/ $100,000 thresholds, are not appropriate for price cap LECs. We seek comment on whether we should eliminate the threshold requirements in § 32.2003(b), modify the thresholds, or keep the thresholds. Commenters are invited to propose alternative ways of satisfying the underlying goals of these requirements.

c. Contributions

In June 1993, the Financial Accounting Standards Board (FASB) adopted Statement of Financial Accounting Standards No. 116 (SFAS–116), ''Accounting for Contributions Received and Contributions Made.'' SFAS–116 requires companies to record in the current period a liability and related expense for unconditional pledges to make contributions in future years. Prior to adoption of SFAS–116, companies would record such pledges annually as they were made. The Common Carrier Bureau (Bureau) notified carriers, after BellSouth Telecommunications, Inc., filed a notice of intent to adopt SFAS–116, that carriers should not adopt SFAS–116 for federal accounting purposes. The Bureau was concerned that adoption of SFAS–116 for federal accounting purposes would allow carriers to increase reported costs and prices based on pledges rather than actual contributions.

We conclude that we should revisit this issue. Adopting SFAS–116 may make sense for financial accounting purposes because this accounting treatment better informs investors about the impact of a company's commitments on the financial condition of the company. We are concerned, however, that adoption of SFAS–116 could necessitate an exogenous price cap adjustment permitting carriers to recover the entire amount of pledged contributions as an exogenous cost in the year the accounting change is adopted. We seek comment on whether we should allow carriers to adopt SFAS–116 for federal accounting purposes.

d. Additional USTA Proposals

USTA has presented several additional proposals to further streamline our accounting and reporting requirements. USTA proposes that we eliminate the § 32.5280(c) subsidiary record requirement. This rule section requires carriers to maintain separate subsidiary categories for nonregulated revenue recorded in Account 5280, Nonregulated operating revenue. USTA contends that this subsidiary record requirement is unnecessary.

In addition, USTA requests that we simplify deferred tax accounting by allowing carriers to book the Account 1437, Deferred tax regulatory asset, net of Account 4361, Deferred tax regulatory liability. USTA requests that carriers be permitted to eliminate the requirement to calculate the gross up for the tax on tax effect. USTA contends that this would bring the regulatory books closer to the financial books. USTA proposes that we eliminate detailed requirements for property record additions, retirements, and recordkeeping. USTA contends that detailed property records do not impact the establishment of access rates and only serve to require LECs to maintain an extraordinary array of records. USTA also proposes that we eliminate the § 32.16 requirement for notification and approval to implement new accounting standards prescribed by the Financial Accounting Standards Board (FASB). USTA claims that the FASB provides a process through which proposed changes in GAAP are exposed for debate, discussion, and evaluation. Finally, USTA proposes that the Commission clarify that section 252(e) agreements are treated the same as tariffed services in part 64 cost allocation rules. We seek comment on these proposals.

3. Affiliate Transactions

In the *Accounting Safeguards Order,* 62 FR 022918 (January 21, 1997) the Commission concluded that its revised affiliate transactions rules would promote competition by preventing LECs from using their market power in local exchange services to obtain an anti-competitive advantage in other markets. The Commission amended the affiliate transactions rules for assets and services provided by a carrier to its affiliate and services received by a carrier from its affiliate. Under these rules, such transactions are to be valued at publicly available rates, if possible. The publicly available rates, in order of precedence, are: (1) An existing tariff rate; (2) (for services only) a publicly-filed agreement or statements of generally available agreements; or (3) a qualified prevailing price valuation. To qualify for prevailing price treatment, at least 50 percent of sales of the subject asset or service must be to third parties. USTA proposes that the Commission revise § 32.27(d) to decrease the threshold from 50 percent to 25 percent for use of prevailing price in valuing affiliate transactions. USTA contends that this proposed change in threshold would be consistent with a more competitive environment. We seek comment on USTA's proposal.

Under our rules, if a transaction cannot be valued at publicly available rates, it must be valued based on a comparison of cost and fair market value. If a comparison is used, the carrier must make a good faith determination of fair market value. If the regulated company receives the asset or service from the nonregulated affiliate, the carrier must record the transaction

at the lower of cost or market value. On the other hand, if the carrier sells the asset or service to its nonregulated affiliate, it must record the transaction on its books at the higher of cost or market. There is an exception to the estimated fair market value rule for services received by a carrier from its affiliate that exists solely to provide services to members of the carrier's corporate family. These services are recorded at fully distributed cost. USTA proposes that we expand this exception to the estimated fair market value rule to include all centralized services, regardless of whether the services are from a separate affiliate. USTA argues that this rule change would permit carriers to recognize the benefit of shared administrative services. We seek comment on this proposal.

Commenters should discuss any other proposals to modify our affiliate transactions rules. We also seek comment on three modifications that would reduce the accounting burdens associated with our affiliate transactions rules. Two of these modifications would reduce the requirements related to the lower of cost or market value analysis for affiliate transactions, and the third would exempt transactions between a carrier's nonregulated activity and a nonregulated affiliate.

a. Eliminate Requirement for Fair Market Value Comparison for Asset Transfers Under $500,000

In the *Phase 1 Report and Order,* we eliminated the requirement that carriers make a good faith determination of fair market value for services where the total annual value of that service is less than $500,000. We noted that below that threshold the administrative cost and effort of making such a determination would outweigh the regulatory benefits of a good faith determination of fair market value. In such cases, the service should be recorded at fully distributed cost, and carriers should continue to report such transactions in their CAMs and ARMIS reports.

We seek comment on whether such an exemption for assets would be appropriate and whether the potentially burdensome cost analyses outweighs the benefits to ratepayers. We propose to extend the exemption to assets and no longer require carriers to perform the net book cost/fair market value comparison for asset transfers totaling less than $500,000 per year. We seek comment on our proposal. Commenters should discuss specifically the burdens, financial or otherwise, of performing the comparison for assets and the potential harm, if any, to ratepayers.

b. Establish Ceiling and Floor for Recording Transactions

As discussed, for certain transactions carriers must compare the cost of the service or asset to market value. If the carrier is the recipient of the asset or service, it must be recorded on the carrier's books at the lower of cost or market. If the carrier is the provider, it must be recorded at the higher of cost or market. We seek comment on whether ratepayers would be harmed if carriers had flexibility to use the higher or lower of cost or market valuation as either a floor or ceiling. If ratepayers would be harmed if carriers had this flexibility, we seek comment on alternative methods for addressing such harm. We propose to give carriers flexibility in valuing these transactions by allowing the higher or lower of cost or market valuation to operate as either a floor or ceiling, depending on the direction of the transaction. If, for example, the transaction were from the carrier to the nonregulated affiliate, the higher of cost or market valuation would function as the floor amount, *i.e.,* the carrier could value the asset or service at that amount or higher. If the transaction were from the nonregulated affiliate to the carrier, the lower of cost or market valuation would function as the ceiling, *i.e.,* the carrier could value the asset or service at that amount or lower. Therefore, if a carrier purchased an asset from one of its nonregulated affiliates with a net book cost of $750,000 and a fair market value of $1,000,000 (and no tariff rate or prevailing price), our current rules would require the carrier to book the asset at $750,000, which is the lower of cost or market. Our proposed rule, on the other hand, would allow the carrier to record the asset at a maximum of $750,000. We seek comment on our proposal. Commenters should address any potentially anti-competitive effects if we implement ceilings and floors for transactional valuations, as well as any benefits that would result from this approach.

c. Exempt Nonregulated to Nonregulated Transactions From Affiliate Transactions Rules

Our affiliate transactions rules apply to all transactions between carriers and their nonregulated affiliates that affect the carrier's regulated books of account. This means that many transactions involving nonregulated assets and services are subject to our affiliate transactions rules. For example, when a carrier sells an asset used exclusively in its nonregulated operations to its nonregulated affiliate, the asset must be valued according to our affiliate transactions rules. The asset is subject to two separate levels of accounting safeguards against subsidization: first, when the carrier ensures, pursuant to part 64, that the asset is recorded as a nonregulated cost, and second, when the asset is valued according to our affiliate transactions rules.

It is now the time to revisit this issue in light of the changes in the CAM audits process. In the *Phase 1 Report and Order,* we permitted the large incumbent LECs to obtain an attest examination every two years, covering the prior two-year period, in lieu of an annual financial audit. Such attests should be performed by independent auditing firms in accordance with the standards of the American Institutes of Certified Public Accountants and as further directed by the Chief, Common Carrier Bureau. As part of this attest examination, we required the independent auditor to provide the Commission with the CAM audit program at least 30 days prior to the commencement of the audit. We stated that in the event additional steps are necessary, we will communicate this to the independent auditor within 30 days and attempt to minimize the burden of any necessary changes. This review will permit the Commission's auditors to review the audit program and, if necessary, work with the independent auditors to eliminate potential problems in advance.

We propose that our affiliate transactions rules should not apply to nonregulated activities transferred from the carrier's nonregulated operations to its nonregulated affiliate. We seek comment on whether the independent CAM attestation process or alternative measures can be relied upon to ensure that there is no ratepayer harm. We also seek comment on whether it matters how the carrier values its transaction to its nonregulated affiliate because our part 64 rules ensure that the asset is recorded as nonregulated. We seek comment on our proposal. Commenters should discuss whether removing these transactions from our affiliate transactions rules could result in potential ratepayer harm.

4. Incidental Activities

Section 32.4999(l) provides that revenues from minor nontariffed activities that are an outgrowth of the carrier's regulated activities may be recorded as regulated revenues under certain conditions. This provision obviates the need to make the detailed cost allocations that would otherwise be

required to remove the costs of the nonregulated activity from regulated costs. Essentially, the revenues from the activity are used to reduce the carrier's revenue requirement rather than removing the costs to reduce the carrier's revenue requirement.

These activities, referred to as ''incidental activities,'' must satisfy four criteria:

(1) Be an outgrowth of regulated operations;

(2) have been treated traditionally as regulated;

(3) be a non-line-of business activity; and

(4) result in revenues that, in the aggregate, represent less than one percent of total revenues for three consecutive years. Carriers must list their incidental activities in their CAM, but may not add new incidental activities because of the second criterion. Carriers filed their first CAMs over ten years ago. During this decade, the list of incidental activities has been static. We seek comment on whether eliminating the ''treated traditionally'' requirement would harm ratepayers.

We note that the three remaining criteria provide safeguards that the incidental-activities exception will not be abused. We seek comment on whether we should modify the three remaining criteria. Commenters advocating modifications to these three criteria should address how such changes would provide adequate safeguards against abuse. We propose to relax the ''treated traditionally'' requirement to allow carriers the flexibility to add new incidental activities. Under this proposal, the three other criteria would remain unaffected. We seek comment on whether relaxing this criterion is appropriate. Commenters should describe any additional activities that would qualify as incidental under our proposed rule. In addition, commenters should address whether, under our proposal, carriers could classify a new nonregulated activity as incidental and subsequently reclassify it as nonregulated thereby forcing ratepayers to bear the risk of nascent nonregulated ventures.

5. Expense Limits

The purpose of the expense limit is to reduce the cost of maintaining property records for the acquisition, depreciation, and retirement of a multitude of low-cost, high-volume assets. Increases in the expense limit are made periodically to recognize the effects of inflation, technological changes, and changes in the telecommunications regulatory environment. The expense limit in part 32 has been increased several times. In addition, Responsible Accounting Officer Letter No. 6, increased from $200 to $500 the limit for expensing the tools and test equipment included in the central office plant accounts.

We seek comment on whether the expense limit rules should be modified again. Specifically, we seek comment on whether we should raise the expense limit from $500 to $2,000 for both Account 2124, General support computers, and the tools and test equipment included in the central office plant accounts. Alternatively, we could extend the expense limit to include all the plant asset accounts, not just selected general support assets. We note that the expense limit would have to be the same for all carriers to allow the Commission to compare costs across companies when determining appropriate levels of Universal Service support. Commenters should discuss positive or negative impacts on maintaining continuing property records related to central office plant accounts if the expense limit were raised. Commenters should also address how we should treat the embedded investment in these accounts if the expense limit were raised.

6. Additional Modifications to Cost Allocation Manual Requirements

Section 64.903 of the Commission's rules requires incumbent LECs with annual operating revenues from regulated telecommunications operations equal to or above a designated indexed revenue threshold, currently $114 million, to file CAMs annually setting forth the cost allocation procedures that they use to allocate costs between regulated and nonregulated services. The companies with operating companies that exceed the indexed threshold are SBC Communications, Qwest, Verizon, and BellSouth Corporation (all filing based on Class A accounts) and Alltel, Cincinnati Bell, Citizens Telecom, Frontier, Sprint, and C–TEC (mid-size carriers, filing based on Class B accounts). USTA proposes that the Commission allow all carriers the option to allocate part 64 costs at a Class B level. USTA contends that direct assignment of costs would not change if carriers moved from Class A to Class B accounting. We seek comment on this proposal and any alternative modifications to these requirements. Commenters should discuss any concerns that may affect the states due to cost allocations at the Class B level and address the potential for cost allocation distortions. Commenters should also discuss the benefits of such an approach.

7. Classification of Companies

Section 32.11 of the Commission's rules divides companies into two categories for accounting purposes: Class A and Class B. Carriers with annual revenues from regulated telecommunications operations that are equal to or above the indexed revenue threshold, currently $114 million, are classified as Class A; those with annual revenues from regulated telecommunications operations that are below the threshold are classified as Class B. Currently, we apply these requirements to incumbent LECs only. We seek comment on whether § 32.11 should be amended so that its requirements explicitly pertain only to incumbent LECs, as defined in section 251(h) of the Communications Act, and any other companies that the Commission designates by order.

8. Cost Allocation Forecasts

Section 64.901(b)(4) of the Commission's rules requires that carriers allocate the costs of central office equipment and outside plant investment between regulated and nonregulated activities based on a forecast of the relative regulated and nonregulated usage during a three calendar year period beginning with the current calendar year. The purpose of this rule is to avoid cost allocation distortions that could adversely affect regulated ratepayers. USTA has asserted that this rule is burdensome and unnecessary. We seek comment on USTA's proposal, whether elimination of the rule would adversely affect ratepayers, and whether there are other alternative forecasting methodologies.

B. ARMIS Reporting Requirements

In this NPRM we are proposing revisions to the following ARMIS Reports: 43–01 (Annual Summary Report); 43–02 (USOA Report); 43–03 (Joint Cost Report); 43–04 (Separations and Access Report); 43–07 (Infrastructure Report); and 43–08 (Operating Data Report). As set forth, our proposed recommendations seek to eliminate or substantially simplify the reporting requirements for both large incumbent LECs and mid-sized incumbent LECs. We seek comment on our proposed recommendations. We are also looking for ways to provide easier input and access to the ARMIS reports and invite comment on how we can best achieve a more user-friendly ARMIS system. In addition, we set forth a separate proposal addressing reporting requirements for mid-sized carriers. We seek comment on the separate proposal

for mid-sized carriers and ask commenters to address whether the proposed abbreviated filing requirement is sufficient and whether different reporting requirements for large incumbent LECs and mid-sized incumbent LECs, as proposed, is justified. To the extent ARMIS reports are used by states and other parties, we seek comment on whether those parties can obtain enough information for their purposes from alternative sources. In particular, commenters should address whether state-imposed or other non-federal reporting can be used to generate sufficient data for these parties' purposes.

We have attached the proposal presented by the large incumbent LECs as Appendix 1 to this document and seek comment on the industry's proposal as it relates to the ARMIS 43–01, 43–02, 43–03, 43–04, 43–07, and 43–08 Reports. USTA contends that this proposal would be less burdensome and addresses some of the concerns expressed by the Commission and the state staffs in the public meetings. We specifically seek comment from the states on how that industry's proposal, if implemented, would affect their ongoing activities.

1. ARMIS Reports 43–01, 43–02, 43–03, and 43–04

We propose to eliminate the requirement to file ARMIS 43–01, Table I for all carriers filing at the Class A level. We propose to generate this table from information provided in other financial ARMIS reports and to post the report electronically with the carrier's annual ARMIS filing. Under this proposal, carriers would be relieved from reporting information that can otherwise be derived from other financial ARMIS reports. At the same time, useful summary information would be made available to policy makers and interested parties. We seek comment on this proposal. We are also considering eliminating Table II, from the ARMIS 43–01 requirements. We propose to eliminate the reporting of all Common Line Demand Minutes of Use (*i.e.,* premium and non-premium). We seek comment on retaining the sections for Switched Traffic Sensitive Demand Minutes of Use and Common Line Demand Billable Access Lines. This information about traffic on the carrier's network may be needed for decisions concerning jurisdictional separations, subscriber line charges, the deployment and cost of Lifeline service, and other universal service issues. The information we propose to retain would be added to the ARMIS 43–04 in conjunction with row 9010 (Total Billable Access Lines). We seek comment on this proposal and on any alternative proposals for achieving these purposes.

In this NPRM, we seek comment on eliminating the filing of ARMIS 43–02, Table I–1 (Income Statement Accounts) for all carriers filing at the Class A level. Table I–1 collects data on the carrier's revenues, expenses, and net income for the reporting period. We propose to eliminate the requirement for carriers to file Table I–1 and to generate this table from information provided in the other financial ARMIS reports. As with our proposal for eliminating Table-I from the 43–01 Report, this proposal would provide relief to carriers from reporting information that can otherwise be derived from other ARMIS reports.

We propose to reduce the number of columns currently reported on the 43–03 Report by eliminating the distinction between ''SNFA and Intra-co. Adjustments'' and ''Other Adjustments.'' We propose to combine these columns into one column entitled ''Adjustments.'' We seek comment on this proposal.

In order to implement our proposal to eliminate the requirement to file ARMIS 43–01, Table I and ARMIS 43–02, Table I–1, for the largest incumbent LECs, we note that collection of some additional data will be needed in the ARMIS 43–03 Reports. Therefore, we are proposing to include in ARMIS 43–03, the collection of data for Account 1402 (Investment in Non-Affiliate Companies); Account 1437 (Deferred Tax Regulatory Asset); Account 4341 (Net deferred tax liability adjustment); Account 4361 (Deferred tax regulatory liability); and the account series (7410 through 7450) for Account 7400 (Non-operating Taxes). In addition, we propose the addition of 4 rows for collecting information on the number of employees (rows 830, 840, 850, and 860). We note that these data are currently required in ARMIS 43–02, Table I–1, but not in any other ARMIS report. We seek comment on this proposal and whether any additional data would be needed to meet our ongoing needs.

The ARMIS 43–04 Separations and Access Report contains data regarding the separation of carriers' regulated revenues and costs between the state and interstate jurisdictions and allocation of interstate amounts among the access charge categories. We note that the Federal-State Joint Board has currently recommended an interim five-year freeze on separations activities as it continues to further consider more comprehensive separations reform. Until such time as the Commission takes action on the Joint Board's recommendation, we will not propose changes that would affect separations data.

We propose some revisions to the 43–04 Report, however, that we do not believe will affect the separations data. We propose to reduce the number of columns by eliminating the column for ''BFP'' (*i.e.,* the base factor portion) and collecting this data in the existing column entitled ''Total Common Line.'' We seek comment on this proposal. As noted, our proposal to eliminate Table–II, from the ARMIS 43–01 requirements entails that we retain data collection of Switched Traffic Sensitive Demand Minutes of Use and Common Line Demand Billable Access Lines. In the event we decide, after reviewing the comments, to retain this data, we propose to add this information to the ARMIS 43–04 Report in conjunction with row 9010 (Total Billable Access Lines). We seek comment on this proposal. We also propose that the carriers be required to identify the cost and revenue associated with their excluded services separately from the remainder of their access element data. We seek comment on these proposals. Commenters also may propose alternative approaches that do not require carriers to identify the cost and revenue associated with their excluded services separately from the remainder of the access element data.

Finally, we note that part 32 requires metallic and non-metallic subsidiary record categories for each of the cable investment and expense accounts. These subsidiary record categories are not reported to the Commission, but the data contained therein are used to calculate universal service support for non-rural carriers, and also are useful in other forward-looking cost studies. We propose to add rows to ARMIS 43–02 and 43–04 Reports to allow for the reporting of metallic and non-metallic cable investment and expense information. We seek comment on this proposal.

2. ARMIS 43–07 and 43–08 Reports

The ARMIS 43–07 Infrastructure Report and 43–08 Operating Data Report collects data about the physical and operating characteristics of the local exchange carriers' telephone network. Together, these reports provide information about the make-up and operating capability of nearly 95 percent of the country's public local exchange telephone network. This information has been useful to policymakers at federal, state, and local levels, and provides critical data not available through other public sources. We seek

comment on the continued need to collect this data at the federal level, or whether state-level collection or other sources would be sufficient. As reported in ARMIS, approximately 480 million telephone calls were carried over the public network in 1991. By 1999, calls over the public telephone network reached almost 660 million, an increase of almost 40 percent in traffic. This growth shows the increasing use of, and reliance on, the public network for communications throughout the country. We seek comment on whether such reliance should be considered when deciding whether to retain these reporting requirements.

Our monitoring through ARMIS has provided us with information to assess the condition of the country's network infrastructure and has permitted us to make informed decisions to protect against degradations and outmoded network capabilities. While the ARMIS 43–07 and 43–08 Reports were designed to achieve this purpose, our review reveals that many of the reporting requirements may have outlived their usefulness. We believe that significant revisions to these reports are in order. We seek comment on the elimination of obsolete data and also the collection of data related to new technologies.

We note that the Commission currently has underway an effort to collect data concerning broadband deployment. The information collected through the *Local Competition and Broadband Data Gathering Program,* however, is not a substitute for the information collected in the ARMIS 43–07 and 43–08 Reports and was designed to be complementary to other Commission data gathering efforts, including ARMIS. The *Local Competition and Broadband Data Gathering Program* will provide the Commission with information on local competition and the deployment of advanced services in the United States; in contrast, the information collected in ARMIS provides the Commission with basic information about the infrastructure, capacity, and operating characteristics of the nation's network. We seek comment on whether this distinction is meaningful and on the extent to which ARMIS data is needed in light of our newer broadband data gathering efforts.

We seek comment on whether gathering information about the deployment of newer technologies would assist us in carrying out our mission of ensuring a competitive environment, while ensuring universal service. We seek comment on whether we should collect data on newer technologies to assist us in achieving our stated objectives of ensuring that incumbent LECs maintain and upgrade their network infrastructure for all consumers. We recognize that additional collections must be carefully designed to balance our need for information with the need to reduce burdens imposed on carriers. We seek comment on how burdensome the requirements we consider would be if imposed. Commenters should discuss whether the additional information concerning these newer technologies are appropriate indicators of the carriers' efforts to upgrade and invest in technologies that provide improved service to their customers and promote efficiencies and cost savings.

Finally, we seek comment on ways to improve reporting requirements for infrastructure and operating data in ARMIS. We seek comment on whether the ARMIS 43–07 and 43–08 Reports could be made more efficient in terms of use and reporting by combining some or all requirements. We note, however, that although there is a close relationship between these reports, there are some notable differences. Generally, the 43–07 Report collects information on measure of capacity while the 43–08 Report collects information on what is in-service. Further, the 43–07 Report is only filed by mandatory price cap incumbent LECs and is reported at the study area (jurisdiction) and holding company levels. The 43–08 Report is filed by all carriers at or above the revenue reporting threshold and is reported at the operating company level. We ask commenters to make specific recommendations as to the nature of any proposed changes in format and collection of data. We seek comment on whether and how ARMIS should be modified to enable us to perform trend analysis, provide rate and tariff analysis, make relevant comparisons among companies, and monitor the effects of company mergers and acquisitions, and whether the purposes of such analyses could be achieved through alternative means.

a. ARMIS 43–07—Infrastructure Report

In ARMIS 43–07 Infrastructure Report we propose to eliminate the collection of outdated information and propose to collect information on newer technologies. Our intent is to collect basic relevant facts about the deployment of new technologies, not to expand significantly our monitoring program. In Table I (Switching Equipment), we propose to eliminate all reporting requirements for electromechanical switches (rows 130–141). We further propose to eliminate reporting requirements for analog stored-program-control and digital stored-program-control switches except for the total number of switches and lines served (retain rows 150, 160, 170 and 180; eliminate rows 151–155, 161, 171–175, and 181). We also propose to eliminate all reporting requirements related to equal access and touch tone capabilities (rows 190–221). We seek comment on these proposals. We also propose to eliminate reporting of information related to SS7 and ISDN capabilities except to retain information concerning total switches, lines, local switches, and tandems equipped with SS7 and ISDN capabilities (eliminate rows 231, 233, 235, 237, 241, 247, 251, 257, 271, 281, 291, and 301). We seek comment on this proposal.

To the extent commenters conclude that our broadband data gathering program is inadequate for this purpose, we seek comment on whether our monitoring program should include information on new technologies that indicate the degree that carriers are upgrading the network. We seek comment on including information for switches capable of transmitting the ATM protocol in Table I, and on the characteristics of ATM that carriers should provide in this report. Switched multi-megabit data service (''SMDS''), internet routers, and frame relay service are high-speed data telecommunications services built upon packet-switching technology. These services are widely offered to business customers for high-volume usage. We seek comment on whether carriers should report data on SMDS, internet routers, and frame relay services in Table I and on which characteristics of switches used to provide SMDS, internet routers, and frame relay services carriers should report.

Table II (Transmission Facilities) collects information about components of the network that are used to carry voice, video, and data traffic. Data reported in Table II provide information about transmission facilities for the total operating area of the carrier, and does not distinguish between urban and rural areas. The deployment of new technologies and new services in rural areas has been a matter of particular concern for the Commission. Transmission facilities, are perhaps, the most critical component in the provisioning of new services to rural areas. However, because the reporting carriers do not distinguish between rural and urban transmission facilities, the Commission cannot compare rural and urban infrastructure development based on the current reported information. Therefore, we seek

comment on modifying Table II to require carriers to report data by Metropolitan Statistical Areas (MSA) and non-MSA. We seek comment on whether this distinction will assist the Commission and other interested parties in measuring the deployment of advanced telecommunications infrastructure in rural areas. We also seek comment on whether this or alternative proposals would be best considered in the context of the broadband data gathering proceeding.

In the first section of Table II, ''Sheath Kilometers,'' carriers report data on transmission facilities within their operating areas. Carriers use either analog or digital technology on copper wire, coaxial cable, fiber, radio, and other media. We seek comment on changing the title ''Sheath Kilometers'' to ''Loop Sheath Kilometers'' and to narrow the collection of data to only local loop facilities connecting customers to their serving offices.

In the second section of Table II, ''Interoffice Working Facilities,'' total circuit links are reported for baseband, analog carrier, and digital carrier. We seek comment on whether we should eliminate the reporting requirements that further distinguish baseband, analog, and digital (rows 331, 332, 333, 350, 351, 352, 360, 361, 362, 363). We believe we can simplify the reporting requirements and obtain relevant information by requiring only the total circuit links for copper, radio, and fiber. We also note that optical carrier facilities, such as synchronous optical networks (SONET) are currently being deployed by the incumbent LECs. This technology will increasingly play a role in improving the transmission capacity of the network. We seek comment on whether we should include categories for optical carrier facilities and non-optical carrier facilities. Commenters should address definitional and other characteristics that would be useful if collection of data on this technology is implemented. We also seek comment on whether this or alternative proposals would be best considered in the context of the broadband data gathering proceeding.

In the third section of Table II, ''Loop Plant-Central Office Terminations,'' carriers report total working channels and total equipped channels. Under each category, there is a requirement for reporting six subcategories (copper, baseband, analog carrier, digital carrier, fiber digital carrier, and other). We seek comment on whether we should eliminate the reporting of six subcategories of equipped channels, and retain only the total of equipped channels. We seek comment on whether data about new technologies used in the local loop that provide high-capacity transmission facilities closer to subscribers would assist the Commission and the states in monitoring the deployment of new services and how that technology affects the development of competition. Commenters should discuss which categories of data would provide an accurate picture of deployment without placing an undue administrative burden on the reporting incumbent LECs. We also seek comment on whether this or alternative proposals would be best considered in the context of the broadband data gathering proceeding.

In the fourth section of Table II, ''Other Transmission Facility Data,'' we propose to eliminate reporting of information that is no longer useful (fiber strands terminated at the customer premises at the DS–0 rate; and fiber strands terminated at the customer premises at the DS–2 rate). We seek comment on including information on hybrid fiber-copper loop interface locations, number of customers served from these interface locations, xDSL customer terminations associated with hybrid fiber-copper loops, and xDSL customer terminations associated with non-hybrid loops. Such data could provide a meaningful indication of carrier's efforts to upgrade the network. Commenters should discuss any other specifics that may provide a better indicator of this aspect of the network. We also seek comment on whether this or alternative proposals would be best considered in the context of the broadband data gathering proceeding.

In Table III (LEC Set-up Time Reporting), information is provided about incumbent LEC call set-up time for calls delivered by the incumbent LEC to interexchange carriers. Incumbent LEC call set-up time measures the time from when the customer completes dialing until the call reaches an interexchange carrier. We note that the need for this data was largely driven by problems arising from the change from a multi-frequency to the SS7 protocol. Our review of the data shows that most of these problems have been solved. Thus, we propose to eliminate this table. We seek comment on this proposal.

In Table IV (Additions and Book Costs), carriers report data concerning total access lines in service, access line gain, and total gross capital expenditures. This information provides data as it relates to carriers' actions to maintain and upgrade the network. We seek comment on whether there is continued need to collect this information by the federal government, as opposed to states or other entities. We seek comment on whether the information collected in this table is available from other data reported in ARMIS, and if so, whether there is a need for duplication. Specifically, we ask commenters to comment on whether the information on number of access lines is the same information reported in the 43–08 Report and whether the data on gross capital expenditures is the same information reported in the 43–02 Report, Table B–1.

b. ARMIS 43–08—Operating Data Report

The ARMIS 43–08 tables, which collect data on an operating company level by state, provide us with the ability to assess trends in investment in physical plant and to benchmark among carriers. We seek comment on the continued importance of such assessments and on whether there are alternative methods for achieving the goals underlying these assessments. We believe there are a number of areas in the ARMIS 43–08 Report where unnecessary data can be eliminated and where necessary data can be collected more efficiently. We seek comment on whether we can eliminate the reporting requirements in Table 1.A (Outside Plant Statistics—Cable and Wire Facilities), that distinguish among aerial, underground, buried, submarine, deep sea, and intrabuilding cable plant (columns d–o). We note that some carriers have suggested that we use information on relative sheath miles in aerial, underground, and buried cable as a basis for determining the relative amount of these types of facilities used in the forward looking model for calculating universal service support for non-rural carriers. In Table 1.B (Outside Plant Statistics—Other), we propose to eliminate the reporting of information on satellite channels and video circuits for carriers' radio relay and microwave systems (columns be, bj, bm). We believe that data collected in these areas may no longer provide important information relevant to our policy analysis. We seek comment on these proposals. We ask commenters proposing to retain this information to discuss at what point would collection of data no longer be necessary. For instance, radio relay systems, except in 11 states, are 100 percent digital. We seek comment on whether some threshold level of deployment would provide a basis for eliminating the need for information, and if so, what an appropriate threshold level would be.

In Table II (Switched Access Lines in Service by Technology), we propose to eliminate the distinction between

analog and digital lines, and require carriers to report the total of main access lines, PBX and Centrex units, and Centrex extensions (retain columns cc, cd, and ce on a total basis; and eliminate columns cf, cg, and ch). Our experience reveals that, while the data derived from these columns provide us with important information, the information may be more useful and collected more efficiently if provided on a total basis. We seek comment on these proposals and on the continued importance of collecting switched access line data generally.

In Table III (Access Lines in Service by Customer), we propose to narrow the information collection to total number of Business Access Lines (Single-Line and Multi-Line) and Residential Access Lines (Lifeline/Non-Lifeline and Primary/Non-Primary). We believe that the level of detail required in this table may not be necessary and that collection on a total basis may be sufficient for us to meet our responsibilities. We propose to collect data on private lines providing intrastate service. We note that this information is used to calculate forward-looking costs for universal service purposes. We seek comment on whether this information is available from any other public source. We also seek comment on whether Special Access Lines (Analog and Digital) (columns dk and dl) provide accurate information about the carriers' provision of special access lines. Specifically, we seek comment on whether there is a need for clarification of this reporting requirement. For instance, would redefining this collection as Customer Private Line Terminations (Broadband and Narrowband) or some other designation result in more accurate reporting by carriers? We note that there has been much controversy over the use of the term ''Special Access Lines,'' resulting in inconsistent reporting by carriers. We seek comment on the use of this term and whether a more meaningful definition or term would be appropriate. We also ask commenters to discuss whether the use of terms in other ARMIS reports should be revised or clarified in order to be consistent with any change made in this report.

C. Relief for Mid-Sized Carriers

In this NPRM, we propose more significant reductions for mid-sized carriers than we have proposed for large incumbent LECs. In our public meeting with the mid-sized carriers, they suggested that we treat mid-sized Class A carriers as Class B carriers. This would eliminate all CAM requirements and ARMIS filings for such carriers. We seek comment on this proposal. As an alternative, we propose to eliminate mandatory annual CAM filings and biennial CAM audits for these carriers. Instead, the mid-sized carriers would file only an annual certification with the Commission. We also propose raising the indexed revenue threshold from $114 million to $200 million. The net effect for mid-sized carriers would be that several carriers will be classified as Class B carriers, and therefore not subject to any reporting requirements, and the balance of the mid-sized carriers will be subject only to very minimal reporting requirements. We also propose eliminating all financial reporting for mid-sized carriers except the 43–01 (Summary Report). We seek comment on adoption of these proposals for mid-sized carriers.

1. Reduced Cost Allocation Manual Procedures

We seek comment on ways to further reduce regulatory burdens on mid-sized incumbent LECs. We propose to eliminate the requirement that mid-sized incumbent LECs file their CAMs on an annual basis. We seek comment on whether these carriers should be required to maintain cost allocation manuals in the format set forth in § 64.903 of our rules, even if they do not file those CAMs with the Commission. Commenters should quantify the costs of maintaining a CAM in accordance with the requirements of § 64.903, and suggest any modifications to that rule they deem appropriate. As an alternative, the mid-sized carriers could file a certification with the Commission stating that they are complying with § 64.901 of the Commission's rules. Under this proposal, the certification would be signed, under oath, by an officer of the incumbent LEC, and filed with the Commission on an annual basis. In addition, we propose to eliminate the requirement for an attestation engagement every two years. The Common Carrier Bureau would have the authority to request further information or order an audit of the carrier's books to ensure they are in compliance with our cost allocation requirements. We seek comment on these proposals.

We further seek comment on whether our definition of mid-sized incumbent LECs should be re-examined. We note that a few carriers have recently crossed the indexed revenue threshold, although they are significantly smaller than the majority of mid-sized LECs. We propose to increase the indexed revenue threshold from $114 million to $200 million. Under this proposal, carriers with operating revenues below $200 million would not be required to maintain a CAM or file a certification. We seek comment on our proposal. Carriers should discuss whether, alternatively, the threshold should be based on holding company revenues instead of operating company revenues, with a corresponding change in threshold.

2. Streamlined ARMIS Requirements

We propose to eliminate the ARMIS 43–02, 43–03, and 43–04 reporting requirements for mid-sized carriers. We recognize that mid-sized carriers often have limited resources and have financial transactions that are generally smaller and fewer in number than the larger incumbent LECs. The cost of regulatory compliance may disproportionately impact the mid-sized carriers filing the more detailed ARMIS 43–02, 43–03, and 43–03 reports.

We seek comment on retaining the reporting requirement that mid-sized carriers report ARMIS 43–01 (Summary Report), which presents information in a highly aggregated form. We ask commenters to specifically address the costs and benefits of requiring certain mid-size carriers to file the ARMIS 43–01 Summary Report, particularly in light of the previous proposal to eliminate ARMIS 43–02, 43–03, and 43–04. To the extent we find obvious errors or inconsistencies, we have the ability to request further information from the carrier that will clarify and address such issues. We also seek comment on the costs and benefits of retaining the requirement that carriers at or above the threshold continue to file operating data in the ARMIS 43–08 Report.

We further propose to reduce the requirements in ARMIS 43–01 by eliminating the distinction between ''SNFA and Intra-co. Adjustments'' and ''Other Adjustments.'' We propose to combine these columns into one column entitled ''Adjustments.'' We propose to reduce the number of columns by eliminating the column for ''BFP'' and collecting this data in the existing column entitled ''Total Common Line.'' Finally, we propose to either add a new column for ''excluded services'' or add excluded services cost and revenue data to the billing and collection data in a renamed column. This would enable us to reconcile their rate of return filings with their accounting data. We seek comment on these proposals, and on whether it would be appropriate to extend all or part of this relief to larger carriers.

I. Phase 3—Long Term Transition to Deregulation

The 1996 Act directed the Commission to ''provide for a pro-

competitive, de-regulatory, national policy framework.'' As regulatory, technological, and market conditions continue to change, the Commission must consider more drastic changes to existing accounting and reporting requirements. We thus seek to undertake a broader examination of part 32 and ARMIS requirements with the goal of determining what additional changes can be made as competition develops, and assessing ultimately what, if any, specific accounting and reporting requirements are necessary when local exchange markets become sufficiently competitive.

Our accounting and reporting safeguards were largely implemented to support Commission policies intended to prevent dominant carriers from taking unfair advantage of their monopolistic control over loop facilities and access to the local exchange network. As the local exchange industry becomes more competitive, we expect that our needs for accounting and reporting information will diminish. At the same time, we must be careful not to eliminate requirements that are necessary to promote universal service, foster efficient competition, and protect consumers before significant market changes occur.

In this section, we seek comment on what roadmap we should follow for accounting and reporting deregulation. Specifically, we seek comment on whether there are certain triggers that will allow the Commission to significantly modify or relieve certain accounting and reporting requirements that currently apply to incumbent LECs. Is there a point at which the Commission should completely eliminate its accounting and reporting requirements? Is that point when all local exchange carriers become non-dominant? Alternatively, should individual carriers be relieved of accounting and reporting requirements as they individually become non-dominant? How would this Commission make such a finding of non-dominance? How should the Commission proceed if an incumbent remains dominant for certain services, but not others? How should deregulation occur if some carriers are deemed non-dominant, but other carriers, such as rural carriers, remain dominant? Is there a basis for eliminating or modifying our accounting and reporting requirements on an industry wide basis, even if some carriers retain market power?

We also ask commenters to address the effect of BOCs receiving section 271 authorizations to provide in-region interLATA services. We seek comment on whether certain accounting requirements should sunset when the section 272 separate affiliate requirements sunset for a given carrier in a particular state, and if so, which specific requirements should be eliminated. Would it be administratively practical for accounting and reporting requirements to be reduced or eliminated on a state-by-state basis?

We seek comment on whether achieving pricing flexibility should be a trigger for relaxing accounting and reporting requirements and if it would be administratively practical because pricing flexibility is granted on a market by market basis. If so, which specific requirements should be modified or eliminated?

We note that other carriers, such as competitive LECs (CLECs), interexchange carriers, cable companies providing telephony, and wireless carriers, are not subject to our accounting and reporting requirements. We seek comment on whether this asymmetric regulation makes sense as we move to a more competitive environment. What is the policy rationale for subjecting one type of carrier to accounting and reporting requirements when other carriers are not subject to such requirements? Do the current accounting and reporting requirements imposed on incumbent LECs impede their ability to compete with other market participants? Commenters should quantify any monetary or other impact of our current requirements.

We note that a number of incumbents, both large and small, have begun to compete as CLECs outside of their traditional service areas. Moreover, a number of incumbents are offering bundled packages of offerings—such as voice, Internet access, wireless, and long distance—in competition with other carriers. How should our accounting and reporting requirements evolve as carriers no longer remain in their historical line of business?

The requirements under consideration in this proceeding fall into two general areas. First, our accounting rules largely prescribe how incumbent LECs record and allocate costs. Second, our ARMIS reporting rules require that certain carriers report to the Commission on an annual basis various information, both financial and nonfinancial. We seek comment on whether it makes sense to relieve carriers from reporting requirements, while maintaining our existing accounting requirements. Compliance with certain requirements may be critical to protecting ratepayers from subsidizing nonregulated services, but the Commission may not need information on an annual basis on how specific carriers are complying with such requirements. How would the Commission's mission be affected if it were to gather information on a less frequent, or more ad hoc, basis?

Our accounting and reporting requirements already recognize that the burdens of compliance may outweigh the benefits for small and mid-size incumbent LECs. The vast majority of incumbents with fewer than two percent of the nation's access lines are not required to file in ARMIS today, even though they have historically been dominant in their relevant markets. In the 1996 Act, Congress explicitly recognized that smaller and rural carriers might face unique circumstances warranting lesser regulatory requirements. Regardless of what actions we take with respect to the larger carriers, should deregulation proceed in a different fashion, for companies with fewer than two percent of access lines? Commenters should address with specificity what deregulatory measures are appropriate for smaller carriers and what safeguards are necessary to ensure that consumers' interests are protected.

We note that our accounting and reporting rules were designed to provide uniform accounting data to be used to support tariffed prices, to provide information concerning the financial condition of incumbent local exchange carriers, and to serve as an efficient system for both management and federal and state regulators. As carriers were allowed to provide nonregulated services without the need for structural separations, the accounting and reporting rules served the additional public policy goal of ensuring that the ratepayers of regulated services did not bear the costs and risks of nonregulated activities. As our universal service system developed, the accounting and reporting rules also served the policy of ensuring proper cost data on which to base a system of sufficient universal service support. Comments addressing triggers for accounting and reporting deregulation should also discuss these policy underpinnings, how these policies have changed over time, and how these policies can be maintained when more drastic deregulation of accounting and reporting occur.

Section 220 of the Communications Act states that the Commission shall prescribe a uniform system of accounts for use by telephone companies. Sections 260 and 271 through 276 of the Communications Act require a certain amount of accounting safeguards in place to either ensure that transactions between Bell operating companies

(BOCs) and their affiliates or nonregulated activities are accomplished without cost misallocations and that these transactions are performed on an arm's length basis. Section 254(k) specifically states that the Commission, with respect to interstate services, and the states, with respect to intrastate services, shall establish any necessary cost allocation rules, accounting safeguards, and guidelines to ensure that services included in the definition of universal service bear no more than a reasonable allocation of joint and common costs of facilities used to provide these services. These legislative accounting safeguards were mandated to ensure that the pro-competitive goals of the Communications Act could be realized. Moreover, section 1 of the Communications Act established as one purpose to ensure ''a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities and reasonable charges.'' We seek comment on how we can best achieve these mandates keeping in mind the ultimate goal of a deregulatory national telecommunications policy framework.

We ask commenters to discuss whether and how the Commission and the states can carry out their respective statutory mandates without uniform and accurate accounting and reporting information. Specifically, commenters should address how jurisdictional separations could be implemented without part 32 accounting data. Commenters should also discuss how any system of universal service support could be implemented without the Commission receiving uniform accounting data. Commenters should address how this Commission could assess the state of the network without ARMIS information. Finally, we ask commenters to discuss how the Commission and states could address cost issues in various proceedings such as long-term number portability, interconnection, pole attachments, and collocation without uniform and accurate accounting data.

II. Procedural Issues

A. Ex Parte Presentations

This is a permit but disclose rulemaking proceeding. *Ex parte* presentations are permitted, except during the Sunshine Agenda period, provided that they are disclosed as provided in the Commission's rules. *See generally* 47 CFR 1.1202, 1.1203, and 1.1206.

B. Initial Regulatory Flexibility Analysis

As required by the Regulatory Flexibility Act (RFA), the Commission has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities by the policies and rules proposed in this Notice of Proposed Rulemaking. Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments on the Notice of Proposed Rulemaking provided in section V.D. The Consumer Information Bureau, Reference Information Center, will send a copy of the Notice of Proposed Rulemaking, including this IRFA, to the Chief Counsel for Advocacy of the Small Business Administration (SBA). In addition, the Notice of Proposed Rulemaking and IRFA (or summaries thereof) will be published in the **Federal Register**.

Need for, and Objectives of, the Proposed Rules

The Commission has initiated this proceeding to determine whether it should streamline or modify the current accounting and reporting requirements. This Notice of Proposed Rulemaking consists of Phase 2 and Phase 3 of the Commission's comprehensive review of the accounting and reporting requirements. This Notice of Proposed Rulemaking seeks to reduce accounting and reporting requirements, while furthering the Commission's goals of promoting universal service, fostering efficient competition, and protecting consumers.

Legal Basis

The legal basis for the action as proposed for this rulemaking is contained in sections 4(i), 4(j), 11, 201(b), 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 154(j), 161, 201(b), 303(r), and 403.

Description and Estimate of the Number of Small Entities to Which the Proposed Rules May Apply

The RFA directs agencies to provide a description of, and, where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted. The RFA generally defines ''small entity'' as having the same meaning as the term ''small business,'' ''small organization,'' and ''small governmental jurisdiction.'' In addition, the term ''small business'' has the same meaning as the term ''small business concern'' under the Small Business Act, unless the Commission has developed one or more definitions that are appropriate to its activities. Under the Small Business Act, a ''small business concern'' is one that: (1) Is independently owned and operated; (2) is not dominant in its field of operation; and (3) meets any additional criteria established by the SBA.

We have included small incumbent local exchange carriers (LECs) in this present RFA analysis. As noted, a ''small business'' under the RFA is one that, *inter alia*, meets the pertinent small business size standard (*e.g.*, a telephone communications business having 1,500 or fewer employees), and ''is not dominant in its field of operation.'' The SBA's Office of Advocacy contends that, for RFA purposes, small incumbent LECs are not dominant in their field of operation because any such dominance is not ''national'' in scope. We have therefore included small incumbent LECs in this RFA analysis, although we emphasize that this RFA action has no effect on the Commission's analyses and determinations in other, non-RFA contexts.

The SBA has developed a definition of small entities for telephone communications companies other than radiotelephone companies. The SBA has defined a small business for Standard Industrial Classification (SIC) categories 4812 (Radiotelephone Communications) and 4813 (Telephone Communications, Except Radiotelephone) to be small entities when they have no more than 1,500 employees. The Census Bureau reports that, there were 2,321 such telephone companies in operation for at least one year at the end of 1992. All but 26 of the 2,321 non-radiotelephone companies listed by the Census Bureau were reported to have fewer than 1,000 employees. Thus, even if all 26 of those companies had more than 1,500 employees, there would still be 2,295 non-radiotelephone companies that might qualify as small entities or small incumbent LECs. It seems certain that some of these carriers are not independently owned and operated, but we are unable at this time to estimate with greater precision the number of wireline carriers that would qualify as small business concerns under SBA's definition. Consequently, we estimate that fewer than 2,295 small telephone communications companies other than radiotelephone companies are small entities or small incumbent LECs that may be affected by the proposed rules, if adopted.

More specifically, the proposed changes to the accounting and reporting requirements in sections III.A.1, III.A.6, and III.B would only affect Class A companies, *i.e.*, companies with annual

revenues from regulated telecommunications operations that are equal to or above the indexed revenue threshold, currently $144 million. Presently, these companies are SBC Communications, Quest, Verizon, BellSouth Corporation, Cincinnati Bell, C–TEC, Sprint, Alltel Corporation, Frontier Corporation, and Citizens Telecom. These companies would not be considered ''small entities'' under the SBA definition. Therefore, it is extremely unlikely that any of the 2,295 small entity telephone companies would be affected by the proposals in section III.A.1, III.A.6, and III.B.

The proposals discussed in section III.A.2, 3, 4, 5, 7, and 8 could affect all local exchange carriers. Some of these companies may be considered ''small entities'' under the SBA definition. Therefore, it is possible that some of the 2,295 small entity telephone companies may be affected by the proposals in section III.A.2, 3, 4, 5, 7, and 8.

The proposals discussed in section III.C would affect only mid-sized carriers, *i.e.*, Class A carriers with aggregate revenues below $7 billion but equal to or above the indexed revenue threshold (currently $144 million). These companies would not be considered ''small entities'' under the SBA definition. Therefore, it is extremely unlikely that any of the 2,295 small entity telephone companies would be affected by the proposals in section III.C.

The proposals discussed in section IV could affect all local exchange carriers. Some of these companies may be considered ''small entities'' under the SBA definition. Therefore, it is possible that some of the 2,295 small entity telephone companies may be affected by the proposals in section IV.

Description of Proposed Reporting, Recordkeeping, and Other Compliance Requirements

This Notice of Proposed Rulemaking seeks to further reduce accounting and reporting requirements for Class A companies. In this Notice of Proposed Rulemaking, the Commission seeks comment on eliminating one-fourth of the Class A accounts from the Part 32 chart of accounts, reducing ARMIS reporting requirements, and streamlining other accounting rules. These proposals, if adopted, would result in fewer accounting requirements and reduced ARMIS reporting requirements for Class A companies. In some instances, the Commission seeks comment on whether additional accounts should be added to the Part 32 Chart of Accounts, to reflect changes in technology and new requirements under the Telecommunications Act of 1996. None of these proposals apply to small entities because they are not subject to these reporting requirements. As mentioned in section C, Class A companies are not small businesses, so these reporting and record-keeping requirements will not affect small entities.

In addition, in section III.A.2, 3, 4, 5, 7, and 8, the Notice of Proposed Rulemaking seeks comment on: streamlining inventory requirements in §§ 32.1220(h) and 32.2311(f); changing the threshold requirements in § 32.2003(b); adopting SFAS–116 for federal accounting purposes; and modifying the affiliate transactions rules, the definition of ''incidental activities,'' our expense limit rules, and cost allocation manual requirements. These proposals, if adopted, could affect both Class A and Class B companies, including small entities. If adopted, these proposals could significantly reduce the federal regulatory accounting requirements and costs associated with these requirements for the affected companies, including the small entities.

In section III.C, the Notice of Proposed Rulemaking also seeks comment on simplifying reporting requirements and eliminating cost allocation manual filing requirements for mid-sized carriers, including any small entities. This proposal, if adopted, would greatly reduce the reporting requirements and costs associated with these requirements for these companies, including any small entities.

In section IV, the Notice of Proposed Rulemaking seeks comment on triggers for more significant deregulation of accounting and reporting requirements for all carriers in a competitive marketplace, including small entities. Once the marketplace is competitive, regulatory accounting and reporting requirements and costs associated with these requirements for all carriers, including small entities may be greatly diminished, if not eliminated.

Steps Taken To Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered

The RFA requires an agency to describe any significant alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): (1) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities.

The rule changes proposed in this Notice of Proposed Rulemaking are reductions in our accounting requirements and ARMIS reporting requirements for Class A companies (*i.e.,* carriers with annual revenues from regulated telecommunications operations that are equal to or above the indexed revenue threshold, currently $144 million). These rule changes, as discussed in sections III.A.1, III.A.6, III.B, and III.C, only affect Class A companies and would not have a significant economic impact on small entities because the Class A companies, as identified in section C, are not small entities. The remaining rule changes proposed in the Notice of Proposed Rulemaking may affect all LECs. Our proposals, if adopted, would streamline the accounting and reporting rules and would significantly lessen regulatory requirements for all carriers, including small entities. This should produce a significant economic benefit to small entities. Alternatives considered for small entities subject to our accounting and reporting requirements, were to maintain our current rules or to consider changes proposed in this Notice of Proposed Rulemaking on a case-by-case basis in ongoing proceedings where related accounting changes may properly be considered within the scope of such proceedings. We believe that streamlining our current rules, however, would reduce regulatory burdens on carriers, including small entities. In section IV of the Notice of Proposed Rulemaking, we discuss eliminating accounting rules and reporting requirements as the local exchange market becomes competitive. This would result in a further reduction in the regulatory burden on small entities.

Federal Rules That May Duplicate, Overlap, or Conflict With the Proposed Rule

None.

C. Paperwork Reduction Act

As part of our continuing effort to reduce paperwork burdens, we invite the general public to take this opportunity to comment on information collections contained in this NPRM, as required by the Paperwork Reduction Act of 1995, Public Law 104–13. Public and agency comments are due at the same time as other comments on this NPRM. Comments should address: (a) Whether the proposed collection of information is necessary for the proper

performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

D. Comment Filing Procedures

Pursuant to §§ 1.415 and 1.419 of the Commission's rules, 47 CFR 1.415, 1.419, interested parties may file comments on Phase 2 on or before December 21, 2000, and reply comments on or before January 30, 2001. For Phase 3, interested parties may file comments on or before January 30, 2001, and reply comments on or before February 28, 2001. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies.

Comments filed through the ECFS can be sent as an electronic file via the Internet to http://www.fcc.gov/e-file/ecfs.html. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, ''get form your e-mail address.'' A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. All filings must be sent to the Commission's Secretary, Magalie Roman Salas, Office of the Secretary, Federal Communications Commission, 445 12th Street, S.W., Washington, D.C. 20554.

Parties who choose to file by paper should also submit their comments on diskette. These diskettes should be submitted to: Ernestine Creech, Accounting Safeguards Division, 445 12th Street, S.W., Washington, D.C. 20554. Such a submission should be on a 3.5-inch diskette formatted in an IBM compatible format using Word or compatible software. The diskette should be accompanied by a cover letter and should be submitted in ''read only'' mode. The diskette should be clearly labeled with the commenter's name, proceeding (including the docket number, in this case CC Docket No. 00–199, type of pleading (comment or reply comment), date of submission, and the name of the electronic file on the diskette. The label should also include the following phrase ''Disk Copy—Not an Original.'' Each diskette should contain only one party's pleadings, preferably in a single electronic file. In addition, commenters must send diskette copies to the Commission's copy contractor, International Transcription Service, Inc., 1231 20th Street, N.W., Washington, D.C. 20036.

Written comments by the public on the proposed and/or modified information collections are due on or before December 13, 2000. Written comments must be submitted by the Office of Management and Budget (OMB) on the proposed and/or modified information collections on or before January 12, 2001. In addition to filing comments with the Secretary, a copy of any comments on the information collections contained herein should be submitted to Judy Boley, Federal Communications Commission, Room 1–C804, 445 12th Street, S.W., Washington, DC 20554, or via the Internet to jboley@fcc.gov and to Edward Springer, OMB Desk Officer, 10236 NEOB, 725—17th Street, N.W., Washington, D.C. 20503.

III. Ordering Clauses

Pursuant to the authority contained in sections 4(i), 4(j), 11, 201(b), 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 154(j), 161, 201(b), 303(r), and 403, this NPRM *is adopted*.

The Commission's Consumer Information Bureau, Reference Information Center, *shall send* a copy of this NPRM, including the Initial Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

Federal Communications Commission.

Magalie Roman Salas,

Secretary.

Appendix 1—USTA'S ARMIS Reporting Proposals

USTA proposes streamlining the following items:

1. Combine ARMIS 43–01, 02 [B1, I1], 03 and 04 (See USTA June 9 letter); allow reporting at OTC level (Operating Telephone Company) for majority of data (Proposed Table III, Separations and Access would be by study area).
2. Eliminate ARMIS 43–02 Schedules B4 and I2. (Note: USTA also proposed elimination of B12, which was eliminated in Phase 1.)
3. Modify required nonregulated adjustment threshold from $1 million per holding company to $1 million or 2% nonregulated expense; require aggregation of only material dollars rather than every dollar.
4. Eliminate ARMIS 43–07, Infrastructure Report.
5. Streamline ARMIS 43–08, Operating Data Report—Eliminate tables of access lines (2) and traffic data (see USTA Letter).
6. Eliminate ARMIS 495/A and 495/B Reports.
7. One definition for ''access lines'' should be used. (Billable Access lines currently in ARMIS 43–01).

[FR Doc. 00–28886 Filed 11–9–00; 8:45 am]

BILLING CODE 6712–01–U

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 73

[DA 00–2374; MM Docket No. 00–149; RM–9940]

Radio Broadcasting Services; Smiley, TX

AGENCY: Federal Communications Commission.

ACTION: Proposed rule; dismissal.

SUMMARY: Smiley Community Radio Company filed a petition for rule making proposing the allotment of Channel 280A at Smiley, Texas, as the community's first local aural transmission service. *See* 65 FR 53689, September 5, 2000. On October 10, 2000, petitioner filed a request for withdrawal. A showing of continuing interest is required before a channel will be allotted. It is the Commission's policy to refrain from making an allotment to a community absent an expression of interest. No other comments were filed. Therefore, at the request of petitioner, we will dismiss the instant proposal.

FOR FURTHER INFORMATION CONTACT: Sharon P. McDonald, Mass Media Bureau, (202) 418–2180.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Commission's Report and Order, MM Docket No. 00–149, adopted October 11, 2000, and released October 20, 2000. The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Reference Information Center (Room CY–A257), 445 12th Street, SW., Washington, DC.