

SEP. 3 1992

Decision 92-09-020 September 2, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Norstan Network Services, Inc. for)
 a certificate of public convenience)
 and necessity to resell)
 telecommunications services within)
 the State of California. (U-5268-C))

Application 92-03-002
 (Petition for Modification
 filed May 27, 1992)

ORDER DENYING PETITION FOR
 MODIFICATION OF DECISION 92-05-011

Norstan Network Services, Inc. (Norstan or applicant) was authorized a certificate of public convenience and necessity to operate as a reseller of interLATA telecommunications services on May 8, 1992, pursuant to Decision (D.) 92-05-011.

By its petition for modification (petition), Norstan requests that D.92-05-011's Ordering Paragraph 8 be modified so that Norstan is relieved of its responsibility to maintain its books and records under the Federal Communications Commission (FCC) Uniform System of Accounts (USOA).

The Ordering Paragraph currently states that "Applicant shall keep its books and records in accordance with the Uniform System of Accounts specified in Part 32 of the FCC rules."

Norstan explained that, through its subsidiaries, it operates in areas of the telecommunications industry not subject to rate and service regulation by state or Federal public service commissions. It was not until the establishment of applicant earlier this year that any subsidiary operations were subject to regulation. Subsidiary operations include the sale of terminal equipment, the provision of repair and service, and the provision of paging services, training, and consulting. As a result, the accounting system in place for all of its subsidiaries was not developed and implemented with the USOA in mind.

Norstan asserted that it would be expensive and time-consuming to comply with the ordering paragraph. However, it did not quantify what the impact to comply would be. It also asserted that resources would need to be expended to set up the new accounting system and would require a continuing cost to maintain the new or different accounting system with no positive business or operating result from that change.

As an alternative, applicant suggests that we look to US Sprint, its underlying carrier, for any financial information that we may need. This is because the vast majority of applicant's expenses will be the payment of monthly charges to US Sprint and because US Sprint does maintain its books and records in accordance with the USOA. Norstan does propose to make available such financial information as we may reasonably require. However any such financial information would only be provided in the form in which that information is maintained in Norstan's ordinary course of business.

Norstan's alternative proposal is not viable. Not only would it be inappropriate for US Sprint to separate and to track all financial transactions with Norstan so that Norstan not be required to maintain a uniform accounting system, it may be considered an anti-competitive practice when compared with the requirements imposed upon all other California certificated resellers.

The requirement that certificated resell carriers keep their books and records in accordance with the FCC's USOA is not a new requirement and it has been uniformly applied. Norstan is not be treated any differently from other certificated reseller.

Norstan has not provided a sufficient reason to deviate from the standard financial reporting requirements imposed on certificated resellers.

Findings of Fact

1. Ordering Paragraph 8 of D.92-05-011 required Norstan to keep its books and records in accordance with the USOA specified in Part 32 of the FCC rules.

2. While alleging that it will be expensive to comply with D.92-05-011 (Ordering Paragraph 8), Norstan has not quantified the impact of such compliance.

3. Norstan is not being treated any differently from other certificated resellers.

4. It is not appropriate to require US Sprint to separate and to track all of its financial transactions with Norstan so that Norstan may be relieved of its financial reporting requirement.

Conclusion of Law

The petition should be denied.

O R D E R

IT IS ORDERED that Norstan Network Services, Inc.'s petition for modification of Decision 92-05-011 which seeks relief from its responsibility of maintaining its financial records in accordance with the Uniform System of Accounts specified in Part 32 of the Federal Communications Commission rules is denied.

This order becomes effective 30 days from today.

Dated September 2, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
NORMAN D. SHUMWAY
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY

Commissioner Patricia M. Eckert,
being necessarily absent, did
not participate.


NEAL J. SHULMAN, Executive Director