

FEB 20 1998

Decision 98-02-109 February 19, 1998

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Sprint Communications Company L.P., for a certificate of public convenience and necessity to operate as a competitive local carrier providing both facilities-based and resold local exchange service.

Application 96-10-008  
(Filed October 4, 1996)

**ORIGINAL**

**O P I N I O N**

On September 2, 1997, a Petition for Modification of D.97-08-085 (the Decision) was filed by Sprint Communications Company L.P. (Sprint) in which it was granted a certificate of public convenience and necessity (CPCN) to provide local exchange service as a competitive local carrier (CLC). Sprint seeks a modification of the Decision to eliminate the requirement that Sprint keep its books and records in accordance with the Uniform System of Accounts (USOA) specified in Title 47, Code of Federal Regulations, Part 32. No party filed a response to Sprint's Petition for Modification.

Sprint argues that the Commission erred in failing to consider Sprint's previous request not to be subject to this requirement in approving its CPCN application. In its original request for CPCN authority, Sprint had requested that it not be required to conform with the USOA, but that it be permitted to keep its books and records in accordance with generally accepted accounting principles (GAAP). Sprint believes it is unduly burdensome and serves no public or business purpose to keep its books in accordance with the USOA. The Federal Communications Commission originally instituted the USOA to provide accounting data for use in rate-of-return regulation. Because this Commission does not subject CLCs to rate-of-return regulation or to cost studies in support of rate changes, Sprint believes that USOA accounting serves no useful purpose and is unnecessary. Sprint further argues that the USOA requirement imposes an undue burden, and would require it to create new accounting procedures to comply with the requirement.

### **Discussion**

Without prejudging the potential merits of Sprint's arguments, we conclude that the proposed modification of the Decision has generic policy implications that transcend the specific effects on Sprint. Therefore, in considering Sprint's arguments, we must assess the potential applicability of such a change to CLCs generally. Yet, because Sprint raised this issue in the limited context of its own CPCN authority, we are concerned that there has not been an adequate notice of the potential change in our generic Local Competition rules, with an opportunity for all interested parties to be heard on the implications of such a change. Moreover, if we were to grant Sprint's Petition for Modification of the decision granting its CPCN, we would need to consider a similar modification for the decisions applicable to all other CLC CPCNs. The process of identifying all past CLC decisions and authorizing the change to each of them would be administratively cumbersome. A more efficient procedure would be to address the issue raised by Sprint generically in a single decision covering all CLCs after an opportunity for parties to comment in the Local Competition Dockets (Rulemaking 95-04-043 /Investigation 95-04-044).

Therefore, without prejudging the substantive merits of Sprint's arguments, we shall deny its Petition for Modification of D.97-08-085 with the proviso that this issue will be addressed generically in the Local Competition dockets. We shall direct the assigned Administrative Law Judge to issue a ruling in the Local Competition dockets calling for comments addressing whether there is a continued regulatory need for the USOA requirement for CLCs. In the event we determine that any change in the USOA accounting rule is warranted, we shall issue a new decision in the Local Competition dockets adopting the change on a generic basis. We shall not retroactively modify Sprint's CPCN decision nor other past individual decisions which granted individual CLCs CPCN authority.

### **Findings of Fact**

1. D.97-08-085 granted Sprint a CPCN to provide local exchange service as a CLC.

2. Among other conditions of being granted a CPCN, Sprint was required to maintain its books and records in accordance with the USOA specified in Title 47, Code of Federal Regulations, Part 32.

3. The arguments raised by Sprint in support of its Petition for Modification have generic policy implications for all CLCs that are subject to the same USOA accounting requirement.

#### **Conclusions of Law**

1. If the Commission were to grant Sprint's Petition for Modification of D.97-08-045, a similar modification of the decisions applicable to other CLCs' CPCNs should be considered.

2. The substantive issues raised in Sprint's Petition for Modification should be addressed on a generic basis in the Local Competition dockets (R. 95-04-043/ I. 95-04-044), and a decision on the merits of a change in the record keeping requirement should be issued in that proceeding after an opportunity for parties of record to comment.

### **O R D E R**

#### **IT IS ORDERED that:**

1. The Petition for Modification of Decision 97-08-045 is denied without prejudice.
2. The generic issue of whether an elimination or other modification in the rule requiring that competitive local carriers maintain their books and record in accordance with the Uniform System of Accounts shall be addressed in the Local Competition dockets (Rulemaking 95-04-043/Investigation 95-04-044). The assigned Administrative Law Judge in those dockets is directed to solicit comments on this issue.

A.96-10-008 ALJ/TRP/sid

3. The Commission shall consider the substantive merits of the arguments raised in Sprint Communications Company L.P.'s Petition to Modify in the context of the generic comments filed pursuant to Ordering Paragraph 2, and shall issue a subsequent decision disposing of the issue.

4. Application 96-10-008 is closed.

This order is effective today.

Dated February 19, 1998, at San Francisco, California.

RICHARD A. BILAS  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners