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FEDERAL COMMUNICATIONS COMMISSION
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
2000 Biennial Regulatory Review	)	**CC Docket No. 00-199**
Comprehensive Review of the Accounting	)	
Requirements and ARMIS Reporting	)	
Requirements for Incumbent Local Exchange	)	
Carriers: Phase 2 and Phase 3	)	

WORLDCOM COMMENTS

WorldCom hereby submits its comments in response to the Commission's June 8, 2001 Public Notice in the above-captioned proceeding. In the Public Notice, the Commission sets forth a proposal to revise both the Class A and Class B account structures.

In general, the proposed charts of accounts would strike a reasonable balance between streamlining the account structure and updating the account structure to reflect changes in technology and the adoption of the Telecommunications Act of 1996. In the case of the Class A chart of accounts, for example, the Commission would reduce the number of accounts by over 40 percent, despite adding new accounts for interconnection expenses and revenues.

One aspect of the Commission's proposal requires clarification. According to the Public Notice, the Commission proposes to eliminate Account 5084, state access revenue. Apparently, the ILECs would now record both intrastate and interstate access revenues in accounts 5080 to 5083. This would be a reasonable approach, assuming that the

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Commission modifies Section 36.213 of the separations rules, which is based on the current system of separate interstate and intrastate access revenue accounts,[1] and modifies the ARMIS 43-04 report to require separate reporting of the interstate and intrastate revenues in Accounts 5080-5083.

In three respects, the Commission should add additional detail to the account structure. First, the Commission should create separate accounts for UNE revenue, interconnection revenue, resale revenue, and other interconnection revenue, rather than consolidating all of these revenue sources into a single account (similarly, the Commission create four separate accounts for interconnection expenses). The Commission has already tentatively concluded that the creation of separate accounts for each type of interconnection revenue and expense would provide the Commission with useful information without imposing undue burdens on the ILECs,[2] and the Public Notice offers no explanation for the change in course. Separate accounts would "enable the Commission to monitor and assess the economic impact of the development of local exchange and exchange access competition"[3] for each of the three market entry paths contemplated by the 1996 Act.[4] If the Commission does not create separate accounts, it should, at a minimum, require the revenues or expenses in each subaccount to be reported in ARMIS. Such reporting would

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[1]47 C.F.R. § 36.213(a)-(e).

[2]Amendment to Uniform System of Accounts for Interconnection, Notice of Proposed Rulemaking, 12 FCC Rcd 16577, ¶ 6.

[3]Id., ¶ 6.

[4]Id., ¶ 5.

provide the Commission with an essential tool for monitoring each of the three local market entry paths.

The Public Notice proposal should be modified in other respects as well. First, rather than consolidate the eight current local revenue accounts into a single account, the Commission should maintain at least three accounts -- one of basic local exchange revenue, one for local private line revenue, and one for other local exchange revenue. As WorldCom, GSA, and other commenters explained, the consolidation of "distinctly different sources of [local] revenue [into a single account] would hinder effective analysis and provide little if any lessened regulatory burden."[5]

Second, the Commission should not eliminate essential Class A-level detail for customer operations expense and corporate operations expense. As WorldCom explained in its comments, the Commission and other parties have employed Class A account-level analysis of the expenses recorded in these accounts when estimating universal service costs or estimating the forward-looking cost of unbundled network elements. In addition, because many of these accounts record expenses of the type that are avoided when services

[5]GSA Comments at 4.

are provided at wholesale, Class A-level analysis of these accounts plays an important role in determining the Section 252(d)(3) resale discount.[6]

Respectfully submitted,
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July 16, 2001

[6]See Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, First Report and Order, CC Docket No. 96-98, released August 8, 1996, at ¶¶ 890-934.

STATEMENT OF VERIFICATION

I have read the foregoing, and to the best of my knowledge, information, and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on July 16, 2001.

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CERTIFICATE OF SERVICE

I, Barbara Nowlin, do hereby certify that copies of the foregoing Comments were sent via first class mail, postage paid, to the following on this 16th Day of July, 2001.

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