

Secretary of State  
**NOTICE OF PROPOSED RULEMAKING\***  
 A Statement of Need and Fiscal Impact accompanies this form.

Public Utility Commission	860
Agency and Division	Administrative Rules Chapter Number
Diane Davis	(53) 378-4372
Rules Coordinator	Telephone
PO Box 2148, Salem OR 97308	
Address	

**RULE CAPTION**

In the Matter of Amendments to OAR 860-027-0050, 860-034-0393 and 860-034-0730, Uniform System of Accounts.

**Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.**

**RULEMAKING ACTION**

Secure approval of new rule numbers (Adopted or Renumbered rules) with the Administrative Rules Unit prior to filing  
**ADOPT:**

**AMEND:** 860-027-0050, 860-034-0393 and 860-034-0730

**REPEAL:**

**RENUMBER:**

**AMEND & RENUMBER:**

Stat. Auth.: ORS Ch. 183, 756 & 759

Other Auth.:

Stats. Implemented: ORS 756.105, 759.120, 759.125, & 759.130

**RULE SUMMARY**

The current Oregon Administrative Rules and the report forms based upon those rules require reporting of Universal Service Fund (USF) collections and contributions in ways that are inconsistent with federal requirements set out in 47 CFR 32.4010 and the Federal Communications Commission RAO Letter 27. The proposed changes to the rules allow telecommunications utilities and cooperatives to record the state USF collections and contributions in balance sheet accounts as liabilities instead of assets and to record the federal USF collections and contributions in income statement accounts as revenues and expenses, consistent with federal requirements.

The commission encourages participants to file written comments as early as practicable in the proceeding so that other participants have the opportunity to consider and respond to the comments before the deadline. Please reference Docket No. AR 570 on comments and file them by e-mail to the Commissions Filing Center at PUC.FilingCenter@state.or.us and also send a signed hard copy to the Filing Center at PO Box 2148, Salem, Oregon 97308-2418. For more information about the Commissions Filing Center, please see <http://www.puc.state.or.us/PUC/eFiling/fcindex.shtml>. Interested persons may review all filings online at <http://apps.puc.state.or.us/edockets/docket.asp?DocketID=18243>.

The agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing the negative economic impact of the rule on business.

4/23/13 5:00 p.m.

**Last Day for Public Comment** (Last day to submit written comments to the Rules Coordinator)

/s/ Diane Davis

Diane Davis diane.davis@state.or.us

3/15/13

Signature

Printed name

Date

\*Rulemaking Notices published in the Oregon Bulletin must be submitted by 5:00 pm on the 15th day of the preceding month unless this deadline falls on a weekend or legal holiday, upon which the deadline is 5:00 pm the preceding workday. A public rulemaking hearing may be requested in writing by 10 or more people, or by an association with 10 or more members, within 21 days following the publication of the Rulemaking Notice in the Oregon Bulletin or 28 days from the date Notice was sent to people on the agency mailing list, whichever is later. If sufficient hearing requests are received, notice of the date and time of the rulemaking hearing must be published in the Oregon Bulletin at least 14 days before the hearing.

ARC 923-2005

Secretary of State

**STATEMENT OF NEED AND FISCAL IMPACT**

A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form.

Public Utility Commission

860

Agency and Division

Administrative Rules Chapter Number

In the Matter of Amendments to OAR 860-027-0050, 860-034-0393 and 860-034-0730, Uniform System of Accounts

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of: Amendments to OAR 860-027-0050, 860-034-0393 and 860-034-0730, Uniform System of Accounts

Statutory Authority: ORS Ch. 183, 756 and 759

Other Authority:

Stats. Implemented: ORS 756.105, 759.120, 759.125 and 759.130

Need for the Rule(s): The current Oregon Administrative Rules and the report forms based upon those rules require reporting of Universal Service Fund (USF) collections and contributions in ways that are inconsistent with federal requirements set out in 47 CFR 32.4010 and the Federal Communications Commission RAO Letter 27. The proposed changes to the rules allow telecommunications utilities and cooperatives to record the state USF collections and contributions in balance sheet accounts as liabilities instead of assets and to record the federal USF collections and contributions in income statement accounts as revenues and expenses, consistent with federal requirements.

Documents Relied Upon, and where they are available:

47 CFR Part 32 is available online at <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=1d124c60446c8b4a5f9a21997ed28006&rgn=div5&view=text&node=47:2.0.1.1.6&idno=47>

Federal Communications Commission RAO Letter 27 is available online at [http://transition.fcc.gov/Bureaus/Common\\_Carrier/RAO\\_Letters/1998/da981106.txt](http://transition.fcc.gov/Bureaus/Common_Carrier/RAO_Letters/1998/da981106.txt)

ORS Ch. 759 is available online at <http://www.leg.state.or.us/ors/759.html>

Fiscal and Economic Impact: The Public Utility Commission will need to revise the forms that it requires the telecommunications utilities and cooperatives to use for reporting, but these administrative activities will be handled within the duties of current staff. The telecommunications utilities and cooperatives required to report will change the accounts in which they report, but these changes are not anticipated to change the cost of compliance.

## Statement of Cost of Compliance:

## 1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

The proposed rule changes are not anticipated to have a significant cost of compliance impact on state agencies, units of local government, or the public. The rule changes impact only the Public Utility Commission and approximately 33 telecommunications utilities and telecommunications cooperatives. The accounting staff and accounting consultants of the telecommunications utilities and telecommunications cooperatives requested these changes.

2. Cost of compliance effect on small business (ORS 183.336): These changes make the Oregon reporting for Universal Service Funds consistent with federal requirements, which is more efficient for the telecommunications utilities and telecommunications cooperatives. While there may be initial small administrative costs to adjust to the change, the telecommunications utilities and cooperatives do not anticipate an increase in the actual costs of compliance.

## a. Estimate the number of small businesses and types of business and industries with small businesses subject to the rule:

There are approximately 33 telecommunications utilities and telecommunications cooperatives (some of which are small businesses) subject to these rules.

## b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

It is anticipated that the compliance costs for projected reporting, recordkeeping, and other administrative activities will not increase as a result of the proposed rule changes.

## c. Equipment, supplies, labor and increased administration required for compliance:

There is no impact to equipment, supplies, or labor, and no need for increased administration for compliance to the proposed rule changes.

How were small businesses involved in the development of this rule? Commission Staff held a workshop attended by the telecommunications utilities, telecommunications cooperatives and their accounting consultants to obtain input. These changes were proposed by the industry.

Administrative Rule Advisory Committee consulted?: **No**.

If not, why?:

As noted above, Staff held a workshop with the industry representatives subject to the rules.

/s/ Diane Davis

diane.davis@state.or.us

Diane Davis

3/15/13

Signature

Printed name

Date

Administrative Rules Unit, Archives Division, Secretary of State, 800 Summer Street NE, Salem, Oregon 97310. ARC 925-2007

## 860-027-0050

### Uniform System of Accounts for Large Telecommunications Utilities

(1) The Uniform System of Accounts for Telecommunications Companies, Part 32, adopted by the Federal Communications Commission (FCC) on February 6, 2002, is hereby adopted and prescribed for all large telecommunications utilities except as modified for intrastate purposes in sections (2) through (5) of this rule.

(2) A large telecommunications utility may follow Class B accounting except when Class A accounting is needed to complete intrastate depreciation and jurisdictional separation studies, to provide the details requested in annual reports under OAR 860-027-0070, and to comply with other Oregon rules and statutes.

(3) The allocation rules in Part 32, Section 32.27, are replaced by OAR 860-027-0052(3).

(4) For construction work in progress and property held for future use, each large telecommunications utility shall maintain subsidiary records consistent with ORS 759.285.

(5) Each large telecommunications utility shall maintain subsidiary records sufficient to separately identify the following deferred taxes, universal service fund collection, revenues, and expenses:

(a) Federal and state net noncurrent deferred operating income taxes (Account 4340).

(b) Federal ~~and state~~ universal service fund collection (Account ~~1170~~**5081**).

(c) **Federal universal service fund contribution (Account 6540).**

**(d) State universal service fund collection and contribution (Account 4010).**

**(e)** Interstate and intrastate switched access revenue (Account 5082).

**(f)** Interstate and intrastate special access revenue (Account 5083).

**(g)** Miscellaneous Revenues (Account 5200):

(A) Directory revenues, including amounts derived from alphabetical and classified sections of directories and fees paid by other entities for the right to publish the large telecommunications utility's directories; the classified section of the directories; the sale of new telephone directories whether they are the large telecommunications utility's own directories or directories purchased from others; additional and boldface listings, marginal displays, inserts, and other advertisements in the alphabetical sections of the telephone directories; and unlisted and nonpublished telephone numbers;

(B) Interstate and intrastate carrier billing and collection revenues derived from the provision to other telecommunications providers for services such as message recording, billing, collection, billing analysis, and billing information services, whether rendered under tariff or contractual arrangements; and

(C) Miscellaneous revenue other than directory or carrier billing and collection revenues.

**(h)** Distributions from the federal USF and the Oregon USF.

**(i)** Depreciation expenses related to telecommunications plant in service, depreciation expense related to property held for future use, and amortization expense.

[Publications: Publications referenced are available from the agency.]

Stat. Auth.: ORS 183, 756 & 759

Stats. Implemented: ORS 756.105, 759.120, 759.125 & 759.130

Hist.: PUC 164, f. 4-18-74, ef. 5-11-74 (Order No. 74-307); PUC 8-1981, f. & ef. 9-8-81 (Order No. 81-626); PUC 5-1985, f. & ef. 4-24-85 (Order No. 85-355); PUC 13-1987, f. & ef. 11-16-87 (Order No. 87-1176); PUC 17-1989, f. & cert. ef. 12-14-89 (Order No. 89-1508/89-1672); PUC 6-1998, f. & cert. ef. 3-13-98; PUC 3-2000, f. & cert. ef. 2-9-00; PUC 9-2000, f. & cert. ef. 5-26-00; PUC 16-2000, f. & cert. ef. 9-12-00; PUC 4-2001, f. & cert. ef. 1-24-01; PUC 16-2001, f. & cert. ef. 6-21-01; PUC 14-2002, f. & cert. ef. 3-26-02; PUC 8-2010, f. & cert. ef. 12-20-10

## 860-034-0393

### Uniform System of Accounts for Small Telecommunications Utilities

(1) The Uniform System of Accounts for Telecommunications Companies, Part 32, adopted by the Federal Communications Commission (FCC) on February 6, 2002, is hereby adopted and prescribed for all small telecommunications utilities except as modified for intrastate purposes in sections (2) through (5) of this rule.

(2) A small telecommunications utility may follow Class B accounting except when Class A accounting is needed to complete intrastate depreciation and jurisdictional separation studies, to provide the details requested in annual reports under OAR 860-034-0395, and to comply with other Oregon rules and statutes.

(3) The allocation rules in Part 32, Section 32.27, are replaced by OAR 860-034-0394(3).

(4) For construction work in progress and property held for future use, each small telecommunications utility shall maintain subsidiary records consistent with ORS 759.285.

(5) Each small telecommunications utility shall maintain subsidiary records sufficient to identify the following deferred taxes, universal service fund collection, revenues, and expenses:

(a) Federal and state net noncurrent deferred operating income taxes (Account 4340).

(b) Federal ~~and state~~-universal service fund collection (Account ~~1170~~**5081**).

(c) **Federal universal service fund contribution (Account 6540).**

**(d) State universal service fund collection and contribution (Account 4010).**

(e) Interstate and intrastate switched access revenue (Account 5082).

~~(df)~~ Interstate and intrastate special access revenue (Account 5083).

~~(eg)~~ [Reserved].

~~(fh)~~ Distributions from the federal USF and the Oregon USF.

~~(gi)~~ Depreciation expenses related to telecommunications plant in service, depreciation expense related to property held for future use, and amortization expense

[Publications: Publications referenced are available from the agency.]

Stat. Auth.: ORS 183, 756 & 759

Stats. Implemented: ORS 756.040 & 759.045

Hist.: PUC 6-1993, f. & cert. ef. 2-19-93 (Order No. 93-185); PUC 6-1998, f. & cert. ef. 3-13-98; PUC 3-1999, f. & cert. ef. 8-10-99, Renumbered from 860-034-0510; PUC 3-2000, f. & cert. ef. 2-9-00; PUC 9-2000, f. & cert. ef. 5-26-00; PUC 16-2000, f. & cert. ef. 9-12-00; PUC 4-2001, f. & cert. ef. 1-24-01; PUC 15-2001, f. & cert. ef. 6-21-01; PUC 14-2002, f. & cert. ef. 3-26-02; PUC 8-2010, f. & cert. ef. 12-20-10

## 860-034-0730

### Uniform System of Accounts for Type 2 Cooperatives

(1) The Uniform System of Accounts for Telecommunications Companies, Part 32, adopted by the Federal Communications Commission (FCC) on February 6, 2002, is hereby adopted and prescribed for all Type 2 cooperatives utilities except as modified for intrastate purposes in sections (2) through (11) of this rule.

(2) A Type 2 cooperative may follow Class B accounting except when Class A accounting is needed to complete intrastate depreciation and jurisdictional separation studies, to provide the details requested in annual reports under OAR 860-034-0750, and to comply with other Oregon rules and statutes.

(3) The allocation rules in Part 32, Section 32.27, are replaced by OAR 860-034-0740(3).

(4) For construction work in progress and property held for future use, each Type 2 cooperative shall maintain subsidiary records consistent with ORS 759.285.

(5) Each Type 2 telecommunications cooperative shall maintain subsidiary records sufficient to identify the following universal service fund collection, revenues, and expenses:

(a) [Reserved].

(b) Federal ~~and state~~ universal service fund collection (Account ~~1170~~5081).

(c) **Federal universal service fund contribution (Account 6540).**

**(d) State universal service fund collection and contribution (Account 4010).**

(e) Interstate and intrastate switched access revenue (Account 5082).

~~(df)~~ Interstate and intrastate special access revenue (Account 5083).

~~(eg)~~ [Reserved].

~~(fh)~~ Distributions from the federal USF and the Oregon USF.

~~(gi)~~ Depreciation expenses related to telecommunications plant in service, depreciation expense related to property held for future use, and amortization expense.

[Publications: Publications referenced are available from the agency.]

Stat. Auth.: ORS 183, 756 & 759

Stats. Implemented: ORS 756.040, 759.220 & 759.225

Hist.: PUC 3-1999, f. & cert. ef. 8-10-99; PUC 3-2000, f. & cert. ef. 2-9-00; PUC 9-2000, f. & cert. ef. 5-26-00; PUC 16-2000, f. & cert. ef. 9-12-00; PUC 4-2001, f. & cert. ef. 1-24-01; PUC 14-2002, f. & cert. ef. 3-26-02; PUC 8-2010, f. & cert. ef. 12-20-10