

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 16, 2003**

REGULAR **CONSENT** **EFFECTIVE DATE** Reporting Year 2003

DATE: October 2, 2003

TO: Lee Sparling

FROM: Terry Lambeth and Ming Peng through Cynthia Van Landuyt,
Bryan Conway, Phil Nyegaard, and Marc Hellman

SUBJECT: ANNUAL REPORT FORM O: Adopt clarifying changes to the annual report for incumbent local exchange carriers.

STAFF RECOMMENDATION:

The Commission should adopt some clarifying revisions to the Annual Report Form O for telecommunications utilities and cooperatives, also known as incumbent local exchange carriers (ILECs), for calendar year 2003. Staff expects these changes to make the report easier to prepare and use.

DISCUSSION:

Oregon Administrative Rules 860-027-0070, 860-034-0395, and 860-034-0750 require the ILECs to provide annual information on forms approved by the Commission. Therefore, the Commission must approve any changes to Form O.

Staff proposes to make the following changes to Form O, beginning for calendar year 2003 (due to be filed by April 1, 2004):

- Schedule B-1: Require ILECs to report the beginning balances for total company operations in accounts 1438 and 4110 on lines 10 and 69 in Column (c). These two accounts contain accumulated deferred income taxes, which are part of the rate base used in annual access charge filings. Beginning balances are currently required from the Oregon operations of multi-state companies on Schedule Ob-1 for these accounts, and staff believes they should be required for single-state companies as well.
- Schedules A-2, A-3, B-3, I-4, I-6, I-7, Ob-3, and Oi-4: Add check-off boxes for companies who are not required to complete these schedules, like the check-off boxes on Schedule I-8. During staff's review of the 2002 reports, a small telecommunications utility representative suggested that this requirement might help staff and companies

keep the reporting requirements straight. Staff believes these new boxes would explain to report users why some carriers do not complete all the schedules.

- Schedules S-2, CP, and LEC: Boldly place "confidential" on the upper right corners of pages with proprietary information. This should aid people in readily identifying and removing confidential sections before distributing and filing the reports.
- Schedules CP and LEC: Duplicate the revisions that have been made to the Annual Report for Competitive Providers:
 - Require all telecommunications providers to give their Oregon Utility Notification Center district code numbers. This addition will aid PUC's Electric and Communication Safety staff.
 - Change "respondent" to "you" to be consistent with other schedules and the instructions.
- Schedule LEC: Duplicate the revisions that have been made to the Annual Report for Local Exchange Carriers:
 - Simplify the information about unbundled network elements in Tables H7 and H8.
 - Be more consistent with other schedules and reports:
 - Change line counts from "during December" to "year end."
 - Change "during December" to "during the year" in Parts G-J.
 - Change "billed revenues" to "gross revenues" in Parts G-H, and emphasize the services for which the revenues are being requested.

I sent electronic copies of the revised Form O and instructions to the large telecommunications utilities and the members of the Oregon Telecommunications Association Accounting Committee on September 9, 2003. Two utilities responded by the September 29 deadline. Each wanted clarifications related to their accounting systems, which staff was able to answer by making minor changes to the instructions.

The revised Form O and instructions are available at the Commission's website (<http://www.puc.state.or.us>) under Telecommunications, Forms and Applications, Annual Report Forms, and Proposed 2003. Staff believes this year's changes will make the reports easier to prepare and use.

PROPOSED COMMISSION MOTION:

Staff's revisions to the Annual Report Form O for telecommunications utilities and telecommunications cooperatives be adopted beginning for calendar year 2003.