following locations: EPA Region 6, 1445 Ross Avenue, Dallas, Texas 75202–2733, (214) 665–6444; or Louisiana Department of Environmental Quality, H.B. Garlock Building, 7290 Bluebonnet, Baton Rouge, Louisiana, 70810, (504) 765–0617.

FOR FURTHER INFORMATION CONTACT: Alima Patterson (214) 665–8533.

SUPPLEMENTARY INFORMATION: For additional information, please see the immediate final rule published in the ''Rules and Regulations'' section of this **Federal Register**.

Dated: July 30, 1999.

W.B. Hathaway,

Acting Regional Administrator, Region 6.

[FR Doc. 99–21424 Filed 8–17–99; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 32, 43, and 64

[CC Docket No. 99–253; FCC 99–174]

Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirement for Incumbent Local Exchange Carriers: Phase 1

AGENCY: Federal Communications Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: In this document, the Commission is initiating a comprehensive review of its accounting and reporting requirements. In this comprehensive review, we plan to reevaluate our existing accounting and reporting requirements to determine whether they should be modified or eliminated as changes occur in the industry. We also consider the appropriate timing of accounting and reporting changes to assure that we will continue to have the information we need to make informed decisions.

DATES: Interested parties may file written comments on the proposed information collections by August 23, 1999 and reply comment on or before September 9, 1999. Written comments must be submitted by the Office of Management and Budget (OMB) on the proposed information collections on or before October 18, 1999.

ADDRESSES: Office of the Secretary, Room TW–B204, Federal Communications Commission, 445 12th Street, NW., Washington, DC 20554. In addition to filing comments with the Secretary, a copy of any comments on the information collections contained herein should be submitted to Judy Boley, Federal Communications Commission, Room 1–C804, 445 12th Street, NW., Washington, DC 20054, or via the Internet to jboley@fcc.gov, and to Timothy Fain, OMB Desk Officer, 10236 NEOB, 725–17th Street, NW., Washington, DC 20503 or via the Internet to fain__t@al.eop.gov.

FOR FURTHER INFORMATION CONTACT: Mika Savir, Accounting Safeguards Division, Common Carrier Bureau, (202) 418–0384 or Andy Mulitz, Accounting Safeguards Division, Common Carrier Bureau, (202) 418–0850. For additional information concerning the information collections contained in this NPRM contact Judy Boley at 202–418–0214, or via the Internet at jboley@fcc.gov.

SUPPLEMENTARY INFORMATION:

This is a summary of the Commission's Notice of Proposed Rulemaking (NPRM), CC Docket 99–253, adopted on July 13, 1999, and released on July 14, 1999. It has been submitted to the Office of Management and Budget (OMB) for review under the PRA. OMB, the general public, and other Federal agencies are invited to comment on the proposed information collections contained in this proceeding. The full text of the NPRM is available for inspection and copying during normal business hours in the FCC Reference Center (Room CY–A257), 445 12th Street NW., Washington, DC 20554. The complete text may also be purchased from the Commission's copy contractor, International Transcription Service, Inc., 1231 20th Street, Washington, DC 20036, telephone (202) 857–3800.

OMB Approval No.: None.

Title: Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 1, CC Docket No. 99–253 (NPRM).

Form No.: FCC Report 43–02.

Type of Review: New Collections.

Respondents: Business or other for profit.

Title	No. of respondents	Estimated hours per response	Total annual burden
Uniform Systems of Accounts	239	9540	2,280,080
Annual Auditors Attestations	19	268	5,100
ARMIS USOA Report	52	284	14,770
Allocation of Cost, Cost Allocation Manual	18	300	10,800
Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996 (Affiliate Transaction Only)	20	24	480

Total Annual Burden: 2,311,230.

Estimated Costs Per Respondent: $1,200,000.

Needs and Uses: In CC Docket No. 99–253, the Commission is initiating a comprehensive review of its accounting and reporting requirements. The Commission seeks comment on its proposals to reduce or further streamline its recordkeeping requirements for common carriers, audit requirements for the large incumbent LECs and reduce filing requirements of accounting record changes on the part of affected common carriers. The information is needed so that the Commission can fulfill its statutory responsibilities and obligations.

Summary of Notice of Proposed Rulemaking

We are performing this comprehensive review in two phases. Phase 1, which commences with this Notice of Proposed Rulemaking (NPRM) and will conclude by the end of the year, will address accounting and reporting reform measures that can be implemented without delay and still retain sufficient information for the Commission and state commissions to meet their responsibilities. Phase 2, which will begin in the last quarter of 1999, will examine the current accounting and reporting structure and address long-term changes needed as local exchange markets become competitive. During this process, the Common Carrier Bureau will continue to work closely with the National Association of Regulatory Utility Commissioners (NARUC) and state commissioners so that, in addition to eliminating unnecessary reporting requirements, the Commission and states will focus on further steps necessary to eliminate unnecessary

overlap of Federal and state reporting requirements.

In this first phase of the comprehensive review, we seek comment on the following accounting issues: eliminating or revising the matrix used to classify expenses in the Uniform System of Accounts (USOA); reducing the audit burdens on incumbent local exchange carriers (ILECs); adopting a *de minimis* exception to our affiliate transactions rules; eliminating the 15-day prefiling for cost pool changes; eliminating the notifications and approvals required in §§ 32.13(a)(3) and 32.25; and revising the accounting requirements for §§ 32.2002 and 32.2003. In addition, we seek comment on streamlining the reporting requirements in the ARMIS 43–02 USOA Report. Specifically, we seek comment on eliminating certain corporate information collected in the ''C'' series tables and on consolidating certain information into one table. We also seek comment on eliminating certain information concerning balance sheet accounts reported in the ''B'' series tables and income statement accounts reported in the ''I'' series tables.

A. Accounting Rules

1. Expense Matrix

Section 32.5999(f) of the Commission's rules requires carriers to maintain disaggregated financial data in subsidiary record categories to be reported in an expense matrix. The Commission uses the detailed data contained in the carriers' expense subsidiary record categories in performing studies and trend analyses, and in its overall monitoring efforts. The additional information provided by the expense matrix helps the Commission analyze a carrier's expenses. In particular, the Commission has relied heavily upon the salaries and wages and rent data detailed in the expense matrix. For example, when the Financial Accounting Standards Board (FASB) promulgated new accounting standards for post-employment benefits and post-retirement benefits other than pensions, the Commission used the salaries and wages data in its analysis of the reasonableness of carrier projections related to implementation of the new accounting standards. The Commission also uses the salaries and wages data in calculating productivity factors used to adjust price cap indices. This expense data would be needed for future productivity studies if the price cap formula is revised. Expense matrix data is also used in tracking the salaries and wages and rents portion of maintenance expense in the analysis of service quality. Furthermore, carriers, competitors, and the Commission use the pole rents information detailed in the expense matrix in the formula to calculate carriers' pole attachment rates.

We tentatively conclude that we can eliminate the expense matrix or reduce it to the minimum amount necessary to meet other regulatory purposes. We believe that this information could be provided by the carriers on an as-needed basis even if the Commission did not prescribe it to be maintained. We seek comment on this tentative conclusion. Commenters should discuss whether it would be more burdensome to maintain and file the expense matrix or to keep such data, at the same level of disaggregation, for several years, to provide to the Commission if requested. We seek comment on whether, as an alternative, the reporting burden would be alleviated by reducing the expense matrix to two classifications: (1) salary and wages and (2) other. Commenters should specifically address whether this would affect the analysis of the price cap performance/productivity factor calculations. In addition, we seek comment on whether, and how, elimination of the expense matrix would affect the jurisdictional separations process, universal service support calculations, or service quality studies.

In the *Accounting Reductions Report and Order*, FCC No. 99–106, released June 30, 1999, we required mid-sized ILECs to maintain subsidiary record categories to capture the pole attachment data currently provided in the Class A accounts. We believe it is necessary to require subsidiary records for data needed in pole attachment formulas to assure that the data is publicly available, uniformly maintained among the carriers, and maintained in a manner that can be audited. We propose that, if the expense matrix is eliminated, carriers maintain subsidiary records to provide the data used in the pole attachment formulas and report in their ARMIS reports the information necessary for the Commission, carriers, and competitors to calculate pole attachment rates. We seek comment on this proposal.

2. Audits

The Commission has established accounting safeguards governing the allocation of costs between the carriers' regulated and nonregulated activities. These safeguards are designed to promote fair cost allocations and to protect regulated ratepayers from absorbing the costs of nonregulated activities. One of the accounting safeguards, prescribed in § 64.904 of the Commission's rules, is that carriers obtain an independent audit of reported cost allocation data. Before adoption of the *Accounting Reductions Report and Order*, our rules required that the audit be performed annually for ILECs required to file cost allocation manuals, that it provide a positive opinion, that the reported data is presented fairly in all material respects, and that it be conducted in accordance with generally accepted auditing standards.

In the *Accounting Reductions Report and Order*, we revised the audit requirement for mid-sized ILECs. Under rules adopted in that Order, mid-sized ILECs are required to obtain a less stringent attestation every two years (covering the prior two year period) instead of an annual financial audit requiring a positive opinion. The financial audit requires that an ILEC's independent auditor provide assurance that the reported data are fairly reported. An attestation requires that the auditor provide assurance that specific management assertions are fairly stated. An attestation generally provides less assurance and is governed by less stringent standards of testing, reporting, and expression of opinion than the financial audits required by § 64.904 for large ILECs.

We tentatively conclude that, if properly implemented, a less stringent audit requirement for the large ILECs will provide the necessary assurance that the carriers' cost allocations are consistent with our rules and at the same time result in significant savings in both time and money for the carriers. We note that in other instances the Commission requires something less than a positive opinion audit. For example, we have new audit requirements specifically for § 272 affiliates. Section 272 of the Act permits a BOC to manufacture equipment, originate in-region, interLATA telecommunications services, and provide interLATA information services only if it does so through one or more separate affiliates. The BOC and its affiliate(s) must, among other things, obtain a joint Federal/State audit every two years conducted by an independent auditor. Our rules require that the independent auditor perform an agreed-upon procedures engagement as specified by the regional Federal/State biennial oversight team.

We tentatively conclude that we can reduce our audit requirements for the large ILECs—the BOCs and GTE—by extending the same audit requirements to the large ILECs that we adopted for mid-sized ILECs in the *Accounting Reductions Report and Order, i.e.,*

allowing carriers to obtain an attestation, instead of an annual financial audit requiring a positive opinion. We seek comment on this tentative conclusion. Furthermore, we seek comment on whether we should adopt an audit requirement similar to the § 272 biennial audit, an agreed-upon procedures engagement, for the large ILECs. Commenters should discuss whether these alternatives would provide the necessary assurance that the reported cost allocation data is an accurate reflection of the carrier's CAM and the Commission's rules. Commenters should also discuss any other alternatives to an annual financial audit requiring a positive opinion. In addition, commenters should address whether the new audit procedure should be an annual requirement.

3. Affiliate Transactions Rules

In the *Accounting Safeguards Order,* 62 FR 02918 (January 21, 1997) the Commission amended the affiliate transactions rules for services provided by a carrier to its affiliate and services received by a carrier from its affiliate that are not subject to: (1) an existing tariff rate, (2) a publicly-filed agreement or statement, or (3) a qualified prevailing price valuation. Services provided by a carrier to its affiliate must be recorded at the higher of fair market value or fully distributed cost. Services received by a carrier from its affiliate must be recorded at the lower of fair market value or fully distributed cost. The Commission further required carriers to make a good faith determination of fair market value in those instances when a fair market value was not readily available so that the carrier could assign the appropriate value to the service when recording its value under the affiliate transactions rules.

Based on our experience enforcing these requirements over the past two years, we tentatively conclude that when the total annual value of transactions for that service is *de minimis,* the regulatory benefits of requiring carriers to make a good faith determination of the fair market value of a service are outweighed by the administrative cost and effort of making such a determination. We tentatively conclude that such a *de minimis* exception will not lessen the effectiveness of the Commission's affiliate transactions rules, and at the same time, will reduce the burden associated with the requirement that carriers make a good faith determination of fair market value. We, therefore, propose to eliminate the requirement that carriers make a good faith determination of fair market value for each service in which the total annual value of transactions for that service is less than $250,000. We propose that in such cases the service should be recorded at fully distributed cost, and carriers should continue to report such transactions in their cost allocation manuals and ARMIS reports.

We seek comment on our proposals and tentative conclusions. We also seek comment on whether a different threshold should serve to delineate the *de minimis* treatment. Commenters proposing a different threshold should explain why their proposed threshold should be higher or lower than $250,000. In addition, commenters should address whether affiliate transaction services conducted pursuant to §§ 260, and 271–276 of the Act should be included in the services eligible for the *de minimis* exception.

4. Elimination of 15-Day Prefiling for Cost Pool Changes

Section 64.903 of the Commission's rules requires that carriers update their CAMs at least annually except that changes to the cost apportionment table and time-reporting procedures must be filed at least 15 days before the carrier plans to implement changes. Once a CAM change has been filed, the Chief, Common Carrier Bureau may suspend any such changes for a period not to exceed 180 days, and may thereafter allow the change to become effective. BellSouth claims that the 15-day special filing requirement for changes in cost pools discloses sensitive competitive service information. We tentatively conclude that we should eliminate the 15-day pre-filing requirement in order to eliminate any disclosure of sensitive data in advance of implementation of a service. If we adopt this proposal, carriers would file the necessary CAM changes contemporaneous with the implementation of the change. We seek comment on this tentative conclusion.

5. Revision to Section 32.13, Accounts—General

Section 32.13(a)(3) of the Commission's rules permits carriers to establish temporary or experimental accounts provided they notify the Commission of the nature and purpose of the accounts within 30 days of establishing them. This requirement was adopted to allow the Commission to review the nature of the proposed temporary or experimental accounts prior to the effective date. Carriers use these temporary accounts as clearing accounts, which are closed each financial period and do not alter the Part 32 accounting structure. We tentatively conclude that this 30-day notification is not necessary because other accounting safeguards, such as ARMIS reporting and our audit program, together with our ability to obtain additional information as necessary, are sufficient for our regulatory oversight. Accordingly, we propose to modify § 32.13(a)(3) by eliminating the notification requirement. We seek comment on our tentative conclusion and proposal.

6. Revision to Section 32.25, Unusual Items and Contingent Liabilities

Section 32.25 of the Commission's rules requires carriers to submit journal entries detailing extraordinary items, contingent liabilities, and material prior period adjustments for Commission approval before recording them in their books of account. This requirement was established as a safeguard to prevent carriers from inflating their rate base through the use of accounting adjustments. We tentatively conclude that prior Commission review of journal entries is not necessary for the Commission's regulatory oversight, and that other accounting safeguards, such as the ARMIS reporting and our audit program, together with our ability to obtain additional information as necessary, are sufficient to assure that carriers will comply with our accounting requirements. We tentatively conclude, therefore, that it is no longer necessary to require the routine filing of these journal entries. Accordingly, we propose to eliminate the § 32.25 filing requirement. We seek comment on our tentative conclusion and proposal.

7. Revision to Section 32.2002, Property Held for Future Telecommunications Use

Section 32.2002 of the Commission's rules requires that carriers record to Account 2002 the costs of property held for no longer than two years under a definite plan for use in telecommunications service. After two years, § 32.2002 requires that the carrier reclassify the cost of the property to Account 2006, Nonoperating plant. BellSouth states that this reclassification is burdensome and that the property could remain recorded in Account 2002, but be removed from the ratebase in a less burdensome manner. We tentatively conclude that we should allow carriers to maintain the costs in Account 2002 but we should require carriers to exclude the cost of such property, and the associated depreciation reserve, from the ratebase. The depreciation expense associated with such property should also be excluded from ratemaking considerations. These

amounts would be reported in the ARMIS 43–01, column (e) All Other Adjustments and ARMIS 43–03, column (l) Other Adjustments. We believe that adoption of this tentative conclusion will provide the same protection for ratepayers while alleviating the burden on carriers to reclassify these costs to Account 2006. We seek comment on this tentative conclusion.

8. Revisions to Section 32.2003, Telecommunications Plant Under Construction

Section 32.2003 of the Commission's rules requires that carriers record to Account 2003 the original cost of construction projects including all related direct and indirect costs as provided under § 32.2000(c). If the construction project has been suspended for six months or more, the cost of the project must be reclassified to Account 2006, Nonoperating plant. If the project is eventually abandoned, these costs must be charged to Account 7370, Special charges. BellSouth states that this reclassification is burdensome and that the property could remain recorded in Account 2003 but be excluded from the ratebase in a less burdensome manner. We tentatively conclude that carriers be permitted to maintain the costs in Account 2003 and that carriers be required to remove the cost of suspended projects after six months from the ratebase. Additionally, carriers would be required to discontinue capitalization of allowance for funds used during construction under § 32.2000(c)(2)(x) until construction is resumed. These amounts would be reported in the ARMIS 43–01, column (e) All Other Adjustments and ARMIS 43–03, column (l) Other Adjustments. Carriers would still charge Account 7370 if the project were abandoned. We believe that adoption of this tentative conclusion will provide the same protection for ratepayers while alleviating the burden on carriers to reclassifying these costs to Account 2006. We seek comment on this tentative conclusion.

B. ARMIS Reporting Requirements

1. Reductions to ARMIS 43–02 USOA Report

In the ARMIS 43–02 USOA Report, carriers report their annual operating results for every account in the USOA. The USOA contains both balance sheet and income statement accounts which report the results of operational and financial events. Information provided by these accounts is used to review the overall investment and expense levels, affiliate transactions, property valuation, and depreciation rates of regulated carriers. The ARMIS 43–02 USOA Report contains a total of 27 tables, and is one of the most voluminous reporting requirements in ARMIS. The tables are set out in three series: (1) the ''C'' series, which includes 5 tables that provide corporate information; (2) the ''B'' series, which includes 15 tables that provide information about the balance sheet accounts of the carrier; and (3) the ''I'' series, which includes 7 tables that provide information about the carriers' income and expenses.

In light of the objectives we seek to achieve in Phase 1 of our comprehensive review, we are proposing significant reductions in reporting requirements in the ARMIS 43–02 USOA Report for the largest ILECs. For the reasons discussed below, we tentatively conclude that the filing burden imposed on the largest ILECs by ARMIS 43–02 USOA Report should be reduced by eliminating the requirement to file 14 of 27 tables, adding one short-form table, and changing the threshold level of reporting required in 3 of the remaining 13 tables. We propose eliminating or modifying the reporting requirements for the following tables: C–1 (Identity of Respondent); C–2 (Control Over Respondent); C–3 (Board of Directors and General Officers); C–4 (Stockholders); C–5 (Important Changes During the Year); B–8 (Capital Leases); B–9 (Deferred Charges); B–11 (Long-Term Debt); B–12 (Net Deferred Income Taxes); B–13 (Other Deferred Credits); B–14 (Capital Stock); and B–15 (Capital Stock and Funded Debt Reacquired or Retired During the Year); I–3 (Pension Costs); I–4 (Operating Other Taxes); I–5 (Prepaid Taxes and Accruals); I–6 (Special Charges); and I–7 (Donations or Payments for Services Rendered by Persons Other Than Employees).

We seek comment generally on our tentative proposal to streamline the ARMIS 43–02 USOA Report for the largest ILECs. Specifically, we seek comment on whether alternative sources of information would provide sufficient protection against the potentially anti-competitive practices we identified in the *ARMIS Reductions Report and Order*, FCC No. 99–107, released June 30, 1999. For instance, we believe that much of the information contained in the series ''C'' tables can be obtained from the carrier's Form 10-K Annual Report filed with the Securities and Exchange Commission (SEC), as well as in other publicly available reports. We also believe that, to a large extent, balance sheet and income statement information reported in the series ''B'' and ''I'' tables may be obtained from underlying source data and can be readily provided by the carrier upon request. Although we continue to believe that access to information is crucial for our processes as well as for the state commissions, we believe access to this information may be more efficiently obtained through other sources. We also believe that the need for obtaining certain data on a regular basis may not be so vital to regulatory mandates as to outweigh the burden imposed on the ILECs in reporting this information. We seek comment on these overall tentative conclusions.

2. ARMIS 43–02 USOA Report: Table C Reductions

The ''C'' series tables of the ARMIS 43–02 USOA Report include five tables containing carrier and stockholder information. We believe we could reduce the burdens imposed on the carriers by modifying these tables. We believe that most of the data contained in C–1 (Identity of Respondent), C–2 (Control Over Respondent), and C–4 (Stockholders), are available in public filings. Our experience suggests that routine filing of information contained in C–3 (Board of Directors and General Officers) may not be needed if the information is made available upon request. We tentatively conclude that because carriers must publicly file most of the information in these tables with the SEC in their Form 10–K Annual Reports, which are available on the Internet, and because we may request and obtain this information as necessary, streamlining these reporting requirements will not impair our ability to perform necessary oversight functions but will reduce the filing burden on large ILECs. Certain basic information contained in these reports, however, may be needed for purposes of efficiency in administering and managing the database. Thus, we tentatively propose to consolidate all basic information into one table, which would generally provide information on the carrier's name, carrier's address, operating states, and executive officers. We seek comment on these proposals and tentative conclusions.

Table C–5 (Important Changes During the Year) provides information on significant events, such as extensions of systems, substantial portions of property sold, changes in direct and indirect control of the carrier, important contracts or agreements entered into, and important changes in service and rate schedules. We believe the reporting requirements for table C–5 could be streamlined by eliminating the requirement to report certain information. For instance, we believe

that the data reported on changes in direct and indirect control may no longer be needed on a recurring basis. We believe this information may be available in the carrier's Form 10–K Annual Reports or in the carrier's cost allocation manuals, and where necessary, could be obtained from the carrier upon request. Thus, we tentatively conclude that the reporting requirements concerning changes in direct and indirect control of the carrier be eliminated. We seek comment on this tentative conclusion and proposal to modify table C–5 in this manner. We also believe that the information collected in table C–5 could be reduced further by collecting information only where the change involves a significant or material change. Thus, we seek comment on whether we should adopt a threshold amount for items reported in table C–5 (such as important contracts or agreements entered into, or important changes in service and rate schedules), and if so, what an appropriate threshold level would be. We seek comment on the above proposals for streamlining table C–5 reporting requirements.

3. ARMIS 43–02 USOA Report: Table B Reductions

The ''B'' series tables contain data about the balance sheet accounts. Table B–1 (Balance Sheet) and Table B–2 (Statement of Cash Flows) are basic financial statements that are essential to our analysis of a carrier's financial condition. Several other supporting tables are important in our analysis of investment in and transactions with affiliates and in evaluating carrier depreciation reserves. We are not proposing changes in these tables. We believe, however, that several other tables in the ''B'' series need not be routinely reported as long as we have continued access to the underlying data and source documents supporting these tables. Further, we believe that the carrier's own accounting practices, which are governed by standard accounting practices and procedures and subject to internal and external audits, should assure that these accounts are properly maintained. Thus, we propose to eliminate the following ''B'' tables: B–8: (Capital Leases); B–9 (Deferred Charges); B–11 (Long-Term Debt); B–12 (Net Deferred Income Taxes); B–13 (Other Deferred Credits); B–14 (Capital Stock); and B–15 (Capital Stock and Funded Debt Reacquired or Retired During the Year). We seek comment on these tentative conclusions and proposals. We are concerned that we not eliminate information that may be needed to carry out our responsibilities. We ask parties to address this concern and whether information concerning these accounts are readily available from other sources, such as in the carrier's Annual 10–K Report or through other internal records. We also ask parties to identify specific needs for this information and whether alternative sources of information provide sufficient level of detail to meet these needs.

4. ARMIS 43–02 USOA Report: Table I Reductions

We have also examined the continuing need for routine reporting of information contained in the ''I'' series tables, specifically I–3 (Pension Costs); I–4 (Operating Other Taxes); and I–5 (Prepaid Taxes and Accruals). For the reasons stated above with respect to the accounts reported in the ''B'' series, we tentatively conclude that carriers should no longer be required to report the information required in tables I–3, I–4, and I–5 annually to the Commission. We believe that as long as we have continued access to underlying data and source documents supporting these tables, this information can be obtained from the ILECs on an as-needed basis. We seek comment on these tentative conclusions and proposals.

Our review of table I–6 (Special Charges) finds that the information reported in this table continues to be essential. Data reported in this table are below-the-line amounts, i.e., are not an allowable expense to be charged against regulated revenues. Special Charges reported on this table include lobbying expenses, membership fees and dues, abandoned construction projects amounting to $100,000 or more, penalties and fines amounting to $100,000 or more, and charitable, social, or other community welfare expenses. We find it necessary to maintain routine reporting of these items to ensure that these expenses, especially if material, are properly recorded on the ILECs' books. The $100,000 reporting threshold, however, for reporting abandoned construction projects, penalties and fines may be relatively immaterial in light of the strong revenue growth since the outset of ARMIS in 1989. We seek comment, therefore, on whether the reporting threshold should be raised to a higher amount and, if so, what amount to establish as the reporting threshold.

Similarly, our review finds that information reported in table I–7 (Donations or Payments for Services by Persons Other than Employees) continues to be essential for regulatory monitoring purposes to ensure that material costs claimed against regulated revenues are appropriate. The information reported in table I–7 requires that carriers report all amounts paid to academia; amounts exceeding $250,000 paid for advertising and information services, clerical and office services, computer and data processing services, personnel services, printing and design services, and security services; amounts exceeding $25,000 paid for audit and accounting services, consulting and research services, financial services, and legal services; and amounts exceeding $10,000 for membership fees and dues. Again, in light of the tremendous growth in ILEC revenues, the reporting thresholds may now be too low. We seek comment, therefore, on whether the reporting thresholds for each of the above mentioned payments to outside vendors should be raised to a higher amount and, if so, what amounts to establish as the reporting thresholds.

IV. Procedural Issues

A. Ex Parte Presentations

This is a permit but disclose rulemaking proceeding. *Ex parte* presentations are permitted, except during the Sunshine Agenda period, provided that they are disclosed as provided in the Commission's rules. *See generally* 47 CFR 1.1202, 1.1203, and 1.1206.

B. Final Regulatory Flexibility Certification

The Regulatory Flexibility Act (RFA) requires that an initial regulatory flexibility analysis be prepared for notice-and-comment rulemaking proceedings, unless the agency certifies that ''the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.'' The RFA generally defines ''small entity'' as having the same meaning as the terms ''small business,'' ''small organization,'' and ''small governmental jurisdiction.'' In addition, the term ''small business'' has the same meaning as the term ''small business concern'' under the Small Business Act. A small business concern is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration (SBA).

This Notice of Proposed Rulemaking proposes to eliminate or revise the matrix used to classify expenses in the Uniform System of Accounts (USOA); reduce the audit burdens on incumbent local exchange carriers (ILECs); adopt a *de minimis* exception to the Commission's affiliate transactions rules; eliminate the 15-day prefiling for

cost pool changes; eliminate the notifications and approvals required in §§ 32.13(a)(3) and 32.25; and revise the accounting requirements for §§ 32.2002 and 32.2003. In addition, with respect to ARMIS reporting requirements, the Notice of Proposed Rulemaking seeks comment on eliminating certain corporate information collected in the ''C'' series tables and on consolidating certain information into one table. The Notice of Proposed Rulemaking also seeks comment on eliminating certain information concerning balance sheet accounts reported in the ''B'' series tables and income statement accounts reported in the ''I'' series tables.

Neither the Commission nor SBA has developed a definition of ''small entity'' specifically applicable to LECs. The closest definition under SBA rules is that for establishments providing ''Telephone Communications, Except Radiotelephone,'' which is Standard Industrial Classification (SIC) code 4813. Under this definition, a small entity is one that, including affiliates of the entity, employs no more than 1,500 persons. For the purpose of this present certification we would assume that an ILEC can be characterized as non dominant for the purpose of analysis under the Regulatory Flexibility Act.

We certify that the proposals in this Notice of Proposed Rulemaking, if adopted, will not have a significant economic impact on a substantial number of small entities. Pursuant to long-standing rules, ILECs with annual operating revenues equal to or exceeding the indexed revenue threshold must comply with the Commission's record keeping rules and CAM audit requirements. The Commission proposes to reduce certain of these CAM and record retention requirements. These changes should be easy and inexpensive for ILECs to implement and will not require costly or burdensome procedures. We therefore expect that the potential impact of the proposal rules, if such are adopted, is beneficial and does not amount to a possible significant economic impact on affected entities. If commenters believe that the proposals discussed in the Notice require additional RFA analysis, they should include a discussion of these issues in their comments.

The Commission's Office of Public Affairs, Reference Operations Division, will send a copy of this Notice of Proposed Rulemaking, including this initial certification, to the Chief Counsel for Advocacy of the Small Business Administration. A copy will also be published in the **Federal Register**.

C. Paperwork Reduction Act

This NPRM contains either a proposed or modified information collection. As part of our continuing effort to reduce paperwork burdens, we invite the general public to take this opportunity to comment on information collections contained in this Notice of Proposed Rulemaking, as required by the Paperwork Reduction Act of 1995, Public Law 104–13. Public and agency comments are due at the same time as other comments on this Notice of Proposed Rulemaking. Comments should address: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

D. Comment Filing Procedures

Pursuant to §§ 1.415 and 1.419 of the Commission's rules, 47 CFR 1.415, 1.419, interested parties may file comments on or before August 23, 1999, and reply on or before September 9, 1999. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies.

Comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, ''get form <your e-mail address.>'' A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. All filings must be sent to the Commission's Secretary, Magalie Roman Salas, Office of the Secretary, Federal Communications Commission, 445 12th Street, S.W., Washington, D.C. 20554.

Parties who choose to file by paper should also submit their comments on diskette. These diskettes should be submitted to: Ernestine Creech, Accounting Safeguards Division, 445 12th Street, S.W., Washington, D.C. 20554. Such a submission should be on a 3.5 inch diskette formatted in an IBM compatible format using WordPerfect 5.1 for Windows or compatible software. The diskette should be accompanied by a cover letter and should be submitted in ''read only'' mode. The diskette should be clearly labelled with the commenter's name, proceeding (including the docket number, in this case CC Docket No. 99–253, type of pleading (comment or reply comment), date of submission, and the name of the electronic file on the diskette. The label should also include the following phrase ''Disk Copy—Not an Original.'' Each diskette should contain only one party's pleadings, preferably in a single electronic file. In addition, commenters must send diskette copies to the Commission's copy contractor, International Transcription Service, Inc., 1231 20th Street, N.W., Washington, D.C. 20037.

Written comments by the public on the proposed information collections are due on or before August 23, 1999. Written comments must be submitted by the Office of Management and Budget (OMB) on the proposed and/or modified information collections on or before October 18, 1999. In addition to filing comments with the Secretary, a copy of any comments on the information collections contained herein should be submitted to Judy Boley, Federal Communications Commission, Room 1–C804, 445 12th Street, S.W., Washington, DC 20554, or via the Internet to jboley@fcc.gov and to Timothy Fain, OMB Desk Officer, 10236 NEOB, 725–17th Street, N.W., Washington, DC 20503 or via the Internet to fain__t@al.eop.gov.

V. Ordering Clauses

Accordingly, *it is ordered* that, pursuant to the authority contained in sections 4(i), 4(j), 11, 201(b), 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 154(j), 161, 201(b), 303(r), and 403, this Notice of Proposed Rulemaking *is adopted*.

It is further ordered that the Commission's Office of Public Affairs, Reference Operations Division, *shall*

send a copy of this Notice of Proposed Rulemaking, including the Initial Regulatory Flexibility Certification, to the Chief Counsel for Advocacy of the Small Business Administration, 5 U.S.C. 605(b).

List of Subjects

47 CFR Part 32

Communications common carriers, Reporting and recordkeeping requirements, Telephone, Uniform System of Accounts

47 CFR Part 43

Communications common carriers, Radio, Reporting and recordkeeping requirements, Telegraph, Telephone

47 CFR Part 64

Communications common carriers, Federal Communications Commission, Radio, Reporting and recordkeeping requirements, Telegraph, Telephone

Federal Communications Commission.

Magalie Roman Salas,

Secretary.

[FR Doc. 99–21402 Filed 8–17–99; 8:45 am]

BILLING CODE 6701–12–P

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

50 CFR Part 17

RIN 1018–AF03

Endangered and Threatened Wildlife and Plants: Reopening of Comment Period for Proposed Rule To List the Contiguous United States Distinct Population Segment of the Canada Lynx

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Proposed rule; notice of reopening of comment period.

SUMMARY: We are reopening the comment period on the proposal to list the contiguous United States distinct population segment of the Canada lynx to invite comment from all interested parties on new information contained within a U.S. Forest Service science report that we are accepting into the administrative report. This report contains new information pertinent to our findings and conclusions of the proposed rule of July 8, 1998. The information contained within available chapters of this report and all comments received in response to this information will be considered in our final decision on whether to list the Canada lynx under the Endangered Species Act.

DATES: Comments must be postmarked or emailed by September 25, 1999.

ADDRESSES: Written comments and materials concerning this proposal should be sent to the Field Supervisor, U.S. Fish and Wildlife Service, Montana Field Office, 100 N. Park Avenue, Suite 320, Helena, Montana 59601; or email <lynx@fws.gov>.

FOR FURTHER INFORMATION CONTACT: Kemper McMaster, Field Supervisor (see **ADDRESSES** section) (telephone 406/449–5225, facsimile 406/449–5339). The Internet is the fastest method for obtaining a copy of the report. Finalized chapters from the report can be retrieved from the Internet at <http://www.fs.fed.us/rl>.

SUPPLEMENTARY INFORMATION:

Background

On July 8, 1998 (63 FR 36994), we published a proposed rule to list the contiguous United States distinct population of the Canada lynx (*Lynx canadensis*) as threatened under the Endangered Species Act of 1973, as amended. As described in the proposed rule, the range of the lynx included portions of States of Washington, Oregon, Idaho, Montana, Utah, Wyoming, Colorado, Minnesota, Wisconsin, Michigan, Maine, New Hampshire, Vermont, New York, Pennsylvania, and Massachusetts. Threats to this population segment of the Canada lynx were considered to be human alteration of forests, low numbers as a result of past overexploitation, expansion of the range of competitors (bobcats (*Felis rufus*) and coyotes (*Canis latrans*)), and elevated levels of human access into lynx habitat. The rule also proposed to list the captive population of Canada lynx within the coterminous United States (lower 48 States) as threatened due to similarity of appearance and permitted the continued export of captive-bred Canada lynx.

We published notice of a 6-month extension on the proposed rule to list the lynx on July 8, 1999 (64 FR 36836). The final decision on the proposal is now due January 8, 2000.

Public Comments Solicited

We are reopening the comment period on our July 8, 1998, proposal to list the contiguous United States distinct population segment of the Canada lynx. We are seeking additional comment on our proposal based on new information contained within a report, ''The scientific basis for lynx conservation in the contiguous United States.'' This report is being completed by a team led by Rocky Mountain Research Station, U.S. Forest Service. We are accepting finalized chapters of this report into the administrative record. The report contains new information pertinent to our findings and conclusions in the proposed rule. The information contained within available chapters of this report and all comments received in response to this information will be considered in our final decision on whether to list the Canadian lynx under the Endangered Species Act.

At this time, three chapters of the report are final and available to the public. These three chapters represent substantive new information pertinent to the scientific basis for our findings and conclusion regarding our final decision on whether to list the Canadian lynx under the Endangered Species Act. Additional chapters of the report are expected to be finalized and released to the public throughout the comment period. This will be the only notice of the availability of chapters of this report.

Finalized chapters from the report can be retrieved from the Internet at <http://www.fs.fed.us/rl>. The Internet is the best method for making the report rapidly available. If you cannot get the report through the Internet, please call the Montana Field Office (see **ADDRESSES** section). Please check this website regularly or call the Montana Field Office to obtain new chapters, which will be made available as soon as they are finalized. Your written comments on the proposal based on new information contained in this report must be postmarked or e-mailed by September 24, 1999, to the Montana Office (see **ADDRESSES** section above).

Author

The author of this notice is Lori Nordstrom (see **ADDRESSES** section.)

Authority

The authority for this action is the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 *et seq.*).

Dated August 12, 1999.

Mary L. Gessner,

Regional Director.

[FR Doc. 99–21391 Filed 8–17–99; 8:45 am]

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