# 65-407 PUBLIC UTILITIES COMMISSION

Chapter 210: UNIFORM SYSTEM OF ACCOUNTS-TELEPHONE UTILITIES

SUMMARY: This rule establishes a uniform system of accounting for all telephone utilities.

1. Accounting Systems

 A. Except as provided in B, C and D, below, and in sections 4, 5 and 6, every telephone utility as defined in 35-A M.R.S.A. § 102 shall maintain its books of account according to the manner and form prescribed by the Federal Communications Commission (FCC) Part 32 Uniform System of Accounts for Telecommunications Companies (USOA) 47 C.F.R. 32, adopted May 1, 1986; provided that each telephone utility shall adhere to the system of accounts specified for Class A companies as modified by the accounting conventions and procedures contained in Section 8 of this Rule; and each telephone utility shall comply with all of the other applicable requirements of section 8, unless waived pursuant to section 6.

 B. Any telephone utility which has total intrastate revenues under $10 million dollars may, at its option, maintain its books of accounts according to the FCC Part 32 USOA for Class B companies; provided that each such utility shall maintain its Telecommunications Plant In Service detail accounts and corresponding accumulated depreciation subsidiary records according to the Class A system.

 C. Every Radio Common Carrier, As defined in Chapter 24 of the Commission's Rules and Regulations, shall maintain its books of account in the manner prescribed in the Uniform System of Accounts for Radio Common Carriers, July 1987, as promulgated by the National Association of Regulatory Utility Commissioner.

 D. Every Cellular Service provider, as defined in Chapter 24 of the Commission's Rules and Regulations, shall maintain its books of account in the manner prescribed in the Uniform System of Accounts for prescribed in the Uniform System of Accounts for Cellular Communications Licensees, July 1985, as promulgated by the National Association of Regulatory Utility Commissioners. All cellular providers who have implemented the 1987 RCC USOA prior to the effective date of this revision may continue to use the July 1987 RCC USOA as promulgated by NARUC.

 E. Every telephone utility which uses a cost of service methodology for either interstate or intrastate toll revenue settlements must use the accounting system prescribed in paragraphs A and B effective January 1, 1988.

 Any telephone utility which does not use a cost of service methodology for either interstate or intrastate toll revenue settlements must use the accounting system prescribed in paragraphs A and B on or before January 1, 1990.

2. Accounts closed

 All accounts shall be closed annually on the 31st day of December unless otherwise specifically authorized by the Commission.

3. Reporting

 A. Filing of Annual Report.

 Within 90 days of the closing of the annual accounts, each telephone utility shall file a report verified by an officer or owner of the utility, containing such information as the Commission may prescribe, provided, however, that to the extent such information includes investments in or income or loss from unregulated activities, such information relating to unregulated activities shall be contained in a separate report which shall satisfy all of the other requirements of this rule.

 B. Filing of Audit Report.

 All accounts shall be audited in accordance with Chapter 710 of the Rules of the Maine Public Utilities Commission (65-407 C.M.R. 710). A copy of the auditor's report, accompanied by the audited financial statements, shall be filed with the Commission not later than the first day of the fourth month following the 12-month period for which the audit was conducted, except that audit reports based on a fiscal year ending December 31 must be filed by the following July 1. The utility shall file with the audited financial statements a cover sheet describing any discrepancies between the audited financial statements and the annual report or reports filed by the utility under section 3(A).

4. Exemption for Utilities Operating a Radio Paging Service

 Any public utility which operates a radio paging service shall maintain a separate set of books of accounts or establish a separate subsidiary for its paging operations, unless exempted by the Commission pursuant to 35-A M.R.S.A. § 8501 for good cause shown. If a separate set of books is used, the requirements contained in Part 32 shall apply.

5. COCOT Exemption

 Any public utility which is a utility, as defined in 35-A M.R.S.A. § 102(13), only because of its operation of a Customer Owned Coin Operated Telephone (COCOT) as defined in Chapter 25(1)(A) of the Commission's Rules (650407 C.M.R. Ch. 25) shall be exempt from the accounting requirements of this Rule as set forth in section 1.A.

6. Waivers

 For good cause shown, the Commission may waive any of the requirements of this Rule, provided such waiver does not unduly undermine the purposes of this Rule and is permitted by statute. The Commission may also subsequently rescind, alter, or amend any such waiver for good cause. The Commission delegates to the Director of Finance the authority to issue, rescind, alter, or amend a waiver with respect to any of the requirements of this Rule. This delegation in no way limits the Commission's authority to review the decision of the Director of Finance or to issue, rescind, alter, or amend a waiver directly.

7. Confidential Information

 A. Any other provision of this Chapter notwithstanding, any separate report containing information on unregulated activities which is filed as a separate report pursuant to the provision clause in Section 3(A) shall be considered and treated by the Commission and by all other persons to whom access thereto may be accorded pursuant to the terms of this section as confidential ("Confidential Information").

 B. The Commission shall physically segregate all such Confidential Information in its possession and shall keep the same in separate located facilities.

 C. Access to Confidential Information shall be limited to the Commission's members, employees and agents (including, without limitation, its consultants, experts and counsel). No other person shall be granted access except by order of the Commission or by a Hearing Examiner in a proceeding before the Commission.

 D. Only such copies of Confidential Information as are necessary to the efficient functioning of the Commission shall be made and all such copies shall themselves be deemed and treated as Confidential Information.

 E. In the event that the Commission receives a request from any person other than those specified in Paragraph C under the Freedom of Access Law (1 M.R.S.A. §§ 401 et seq.) or otherwise to inspect or copy such Confidential Information, it shall promptly notify the affected telephone utility of the request. It shall also provide prompt notification to the affected utility of any judicial action filed against the Commission for disclosure.

 F. In deciding whether to issue an order permitting access to Confidential Information, the Commission or Hearing Examiner shall take into account the utility's need for confidentiality and the person's need for the information. If access is granted, appropriate provisions shall be made for the protection of confidential information from unwarranted public disclosure.

 G. A notice in the following form shall be posted at the locked facilities in which confidential information is located:

 NOTICE

 The information in this file is designated confidential by Chapter 210 of the Rules of the Maine Public Utilities Commission. Disclosure of any such Confidential Information to any person other than Commission members, employees, or agents is prohibited, unless permitted by order of the Commission or a Hearing Examiner.

8. Part 32 Implementation Requirements

 This Section establishes the accounting and implementation requirements.

 A. Initial Notice of Intent -

 No later than 4 months after the effective date of this rule, all telephone utilities shall file an Initial Notice of Intent (Initial Notice) with the Commission concerning the implementation of the Part 32 USOA. the change in USOA shall automatically take effect according to the information contained in the Initial notice. The Initial Notice shall contain a statement concerning the following information and practices:

 (1) The effective date of implementation of Part 32 for intrastate purposes (see section 1.E.) and the class of company (see sections 1.A. and 1.B.).

 (2) The accounting methods adhered to when GAAP or Part 32 requires or allows and option. Where GAAP permits more than one accounting method, the telephone utility shall include a statement as to which method it shall adhere to. For intrastate purposes, a telephone utility must petition for any change from the methods set forth in the Initial Notice.

 (3) A representation of the utility's continued adherence to prior Commission ratemaking policies, including a statement that no accounting and ratemaking requirements instituted by the Commission, of which the utility is aware, will be negated by the adoption of Part 32 and that separate accounts shall be established to account for any difference. A list of those policies which would otherwise be overridden by the adoption of Part 32 and the account number in which jurisdictional differences shall be recorded. A statement listing the amount of any embedded liability which results from adopting Part 32.

 (4) A description of the procedures for recording affiliate transactions, and transactions between the utility and its affiliated interests, as defined by 35-A M.R.S.A. § 707.

 (5) An estimate of the costs associated with implementing Part 32.

 Future changes to any of the provisions set out in the Initial Notice require prior written notice to and approval by the Commission or the Director of Finance.

 B. Adoption of GAAP -

 Any utility desiring to implement an accounting change to reflect a GAAP pronouncement for intrastate purposes shall notify the Director of Finance 90 days prior to the proposed date of implementation or the filing of its annual report, whichever is sooner. Such notice shall contain an estimate of the effect on revenue requirements. If the Director of Finance does not respond within 81 days of the filing of the Notice, the utility may implement the change until subsequently required to do otherwise by rule or order.

 C. Retention of Records

 Books and records shall be retained on an intrastate basis for as long as they may be material in establishing the utility's revenue requirement. The utility shall adopt a reasonable retention policy, which shall be at least 7 years. Property records shall be available for at least three (3) years after the physical retirement of the property.

 D. Auditor's Attestation Function -

 With the utility's first auditor's report, in accordance with Chapter 710, following adoption of Part 32, each Company's Independent Auditor shall attest to the accuracy of the opening journal entries, and that prior balances have been transferred in conformity with Part 32 requirements.

 E. Comparative Reporting -

 1. No later than 4 months after the effective date of this rule, each telephone utility following the Class A USOA shall provide a report to the Commission which restates 1987 financial data according to the new Part 32 USOA, using best estimates, if necessary. Each utility following the Class A system of accounts shall include with its annual report for fiscal years 1988 and 9189 its balance sheet and income statement for those years based on its previous chart of accounts. Only items of a material nature need be considered, and each utility may use its best estimate or use a special study to complete the required comparison.

 2. Each utility adhering to the Class B system of accounts shall provide the above-specified comparative financial information for the first fiscal year in which it adopts the new Part 32 Class B USOA and for the fiscal year immediately preceding the year of adoption. as in Section E.1, best estimates may be utilized.

 F. Accounting methods and practices required in place of certain provisions of Part 32.

 The following accounting methods and practices are required for intrastate accounting and the necessary jurisdictional accounts shall be established in order to properly account for such differences:

 1. The flow-through method of treatment of tax timing differences shall be used unless specifically prohibited by provisions of the Internal Revenue Code.

 2. Class A utilities may charge the costs of short-term projects estimated to cost less than $100,000, or such lesser amount as a utility may select, directly to plant accounts. class B utilities may charge the costs of short-term projects estimated to cost less than $25,000, or such lesser amount as a utility may select, directly to plant accounts. Interest during construction shall be accrued on all amounts of telephone plant under construction, both short-term and long-term.

 3. Pension cost shall be accounted for on a funded (cash) basis.

 4. Post-retirement benefits shall be accounted for on a funded (cash) basis.

STATUTORY AUTHORITY: 35-A M.R.S.A. §§ 101, 103, 104, 107, 111, 112, 501, 502, 504 and 505.

EFFECTIVE DATE:

 This rule was approved by the Secretary of State on March 30, 1989 effective on April 4, 1989.

EFFECTIVE DATE (ELECTRONIC CONVERSION):

 May 4, 1996

NON-SUBSTANTIVE CHANGES:

 March 26, 1999 - converted to MS Word.

APAO WORD VERSION CONVERSION (IF NEEDED) AND ACCESSIBILITY CHECK: July 18, 2025