

## § 64.905

Docket No. 86-111, the Commission's Accounting Safeguards proceeding in CC Docket No. 96-150, and the Commission's rules and regulations including §§ 32.23 and 32.27 of this chapter, and §§ 64.901, and 64.903 in force as of the date of the auditor's report. The audit shall be conducted in accordance with generally accepted auditing standards, except as otherwise directed by the Chief, Enforcement Bureau. The report of the independent auditor shall be filed at the time that the carrier files the annual reports required by § 43.21(e)(2) of this chapter.

[67 FR 5702, Feb. 6, 2002, as amended at 67 FR 13229, Mar. 21, 2002]

### § 64.905 Annual certification.

A mid-sized incumbent local exchange carrier, as defined in § 32.9000 of this chapter, shall file a certification with the Commission stating that it is complying with § 64.901. The certification must be signed, under oath, by an officer of the mid-sized incumbent LEC, and filed with the Commission on an annual basis at the time that the mid-sized incumbent LEC files the annual reports required by § 43.21(e)(2) of this chapter.

[67 FR 5702, Feb. 6, 2002]

## Subpart J—Recovery of Investments and Expenses in Regulated Interstate Rates

SOURCE: 83 FR 18965, May 1, 2018, unless otherwise noted.

### § 64.1000 Scope.

This subpart is applicable only to rate-of-return carriers as defined in § 54.5 of this chapter receiving Connect America Fund Broadband Loop Support as described in § 54.901 of this chapter.

### § 64.1001 Purpose.

This subpart is intended to ensure that only used and useful investments and expenses are recovered through regulated interstate rates pursuant to section 201(b) of the Communications Act as amended (the Act), 47 U.S.C. 201(b).

## 47 CFR Ch. I (10-1-20 Edition)

### § 64.1002 Investments and expenses.

(a) *Investment and expenses not used and useful in the ordinary course.* The following investments and expenses are presumed not used and useful (and thus unreasonable):

(1) Personal expenses, including but not limited to personal expenses for food and beverages, housing, such as rent or mortgages, vehicles for personal use, and personal travel;

(2) Tangible property not logically related or necessary to offering voice or broadband services;

(3) Political contributions;

(4) Membership fees and dues in social, service and recreational, or athletic clubs or organizations;

(5) Penalties or fines for statutory or regulatory violations; and

(6) Penalties or fees for late payments on debt, loans, or other payments.

(b) *Non-customary investments and expenses.* Unless customary for similarly situated companies, the following investments and expenses are presumed not used and useful (and thus unreasonable):

(1) Personal benefits, such as gifts, housing allowances, and childcare, that are not part of taxable compensation;

(2) Artwork and other objects that possess aesthetic value that are displayed in the workplace;

(3) Aircraft, watercraft, and off-road vehicles used for work and work-related purposes;

(4) Cafeterias and dining facilities;

(5) Charitable donations;

(6) Entertainment;

(7) Food and beverage expenses for work and work-related travel;

(8) Membership fees and dues associated with professional organizations;

(9) Scholarships; and

(10) Sponsorships of conferences or community events.

## Subpart K—Changes in Preferred Telecommunications Service Providers

### § 64.1100 Definitions.

(a) The term *submitting carrier* is generally any telecommunications carrier