



Charges allowed under LIDB

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|-------------------|-------------------------|
| 1. LIDB Query | 3. STP Port Termination |
| 2. LIDB Transport | 4. Signalling Link |

APPENDIX C

1. The Common Carrier Bureau's data request sought data from the companies on per-unit investment, direct costs, and overheads associated with LIDB rate elements. The Bureau also requested total investment data, along with the amount of that investment assigned to LIDB and other services. Finally, the Bureau asked for data on demand for LIDB and other services. This data was analyzed as described in this Appendix to assess the reasonableness of the companies' rates.

2. To assess the reasonableness of the companies' allocation of investment to LIDB, the Bureau examined the data the companies provided on total investment dedicated to LIDB or common to LIDB and other SS7-based services, and the demand for all services which would use that investment, such as intrastate LIDB service. The data the companies provided in response to the staff's data request indicates that the allocation of investment to interstate LIDB is consistent with the projected relative use of that investment. Thus we conclude that the allocation of investment to interstate LIDB service by the companies is reasonable. We also conclude that, because the resulting investment allocation is reasonable, we do not need to examine the CCSCIS model in this particular case.

3. Second, the Bureau evaluated the relationship of direct cost to direct investment for the LIDB elements.¹ For the four LIDB rate elements, these ratios generally ranged from 20 to 40 percent with some exceptions. The most notable exception was the LIDB Query element, which had a ratio of direct cost to direct investment of over 100 percent for some companies.

4. While we authorized some carrier flexibility in costing methodology in the Part 69/ONA Order², the wide variation in this ratio among companies has caused us concern. Typically, direct costs associated with investment reflect depreciation, return, taxes, and other maintenance expenses, such as repair costs and electrical power to run the equipment. For a given type of equipment, we would not expect these ratios to vary much from service to service. There can be legitimate differences between the direct cost to direct investment ratios for an entire category of services and the ratios for an individual service. For example, the categories reflect a number of services, which use differing amounts of circuit equipment, cable and wire facilities, and other types of equipment. These different types of equipment have different depreciation rates and require different levels of maintenance. Thus, any individual service within a category may have a direct cost to direct investment ratio which differs from this ratio for the entire category, because it has a different mix of equipment than does the category as a whole.

5. In most cases, the companies were able to explain their apparently high direct cost to direct investment ratios as the result of additional expenses, such as software fees, or as the result of the characteristics of the equipment used. In the case of the LIDB Query

¹ Companies are required, as part of their new services showing, to provide us with these ratios.

² See 6 FCC Rcd at 4531.

rates, companies adequately justified the ratio of direct cost to direct investment. For this rate element, companies included costs for the Database Administration System (DBAS) and Database Administration Center (DBAC). These are the costs for maintaining and updating the LIDB database itself. They do not reflect the costs of maintaining the equipment itself, as is the case with other equipment accounts, but rather are the costs of maintaining the database which resides in that equipment. As such, these expenses are of a different type than those normally included in direct costs, and thus explain a direct cost level greater than that we would ordinarily expect. Consequently, direct costs for the LIDB Query element appear reasonable. All companies were able to explain higher direct cost factors for the other elements on the basis of different mixes of equipment or of software right-to-use fees.

6. The Part 69/ONA Order also allowed companies to set their rates to reflect appropriate overhead loadings.³ As with the direct cost to direct investment ratios, our analysis of the level of overheads claimed by the companies, as reflected in their ratios of rates to direct costs,⁴ shows some high ratios, and reflects wide variation among companies. Some companies with high overheads attempted to justify them by claiming they were basing their rates on what the market would bear.⁵ One company argues that interexchange carriers do not have to accept the company's calling card or to validate the card because the interexchange carriers have several billing options, including calling cards issued by interexchange carriers, commercial credit cards (VISA, Master Card, American Express, etc.) or direct billing arrangements with the customer, such as collect and bill to third number.⁶ However, this observation is irrelevant once an interexchange carrier is presented with a LEC calling card for billing. At that time, the interexchange carriers has two choices: validate the card or decline it. There is no other method of validating a LEC joint use calling card except to launch a query into the LIDB. With the large numbers of LEC calling cards in circulation, and the associated potential toll revenues, it is not practical to reject LEC calling cards. Thus, there is no competitive market for LIDB validation.

7. The new services test allows companies to apply only appropriate overhead loadings, which should in general reflect the overhead loadings on similar services.⁷ The market argument proffered here does not justify the high overhead ratios the companies claim. The absence of justification for the levels in the companies' filings renders these rates unlawful.

³ See 6 FCC Rcd at 4531.

⁴ Companies are required to provide us with this ratio as part of their new services showing.

⁵ See e.g., Ameritech Direct Case at 10; NYNEX Direct Case at 15, n.25.

⁶ Ameritech Direct Case at 10-11; Ex parte from Anthony A. Alessi to Donna Searcy, dated March 23, 1993, at 2-3.

⁷ See 6 FCC Rcd at 4531.

8. Most companies have voluntarily reduced rates below the levels originally filed in their transmittals, to levels that reflect lower overhead loadings. After these revisions, we find these overhead levels to be closer to the level reflected in traffic sensitive switched services, and therefore reasonable.

ALLOWED LIDB RATES

	Query Rates	Transport Rates	STP Port Rates
AMTR	\$0.027880	As Filed	As Filed
BATR	\$0.030846	\$0.000200	As Filed
BSTR	\$0.032000	As Filed	As Filed
GTTC	\$0.035000	As Filed	As Filed
NXTR	\$0.031260	\$0.000740	As Filed
PTTR	\$0.026000	As Filed	As Filed
SNCT	As Filed	As Filed	As Filed
SWTR	As Filed	As Filed	As Filed
USTR	\$0.032000	\$0.000484	\$1,325.00
UTTC	\$0.036600	As Filed	\$900.00

	Signalling Link Rates
USTR	
Option A	
0	\$775.49
Over 0 to 8	\$884.84
Over 8 to 25	\$911.39
Over 25 to 50	\$1,084.25
Over 50	\$1,495.19
Option B	
0	\$161.93
Over 0 to 8	\$176.37
Over 8 to 25	\$190.23
Over 25 to 50	\$226.24
Over 50	\$311.86

Note: All other companies' signalling link rates are as filed.

APPENDIX D

Ameritech

Ex Parte letter from Anthony Alessi, Director, Federal Relations, to Donna Searcy, in CC Docket No. 92-24, dated June 1, 1993.

Bell Atlantic

Ex Parte letter from Joseph Mulieri, Director, FCC Relations, to Donna Searcy, in CC Docket No. 92-24, dated May 14, 1993.

BellSouth

1. Ex Parte letter from W.W. (Whit) Jordan, Director, Federal Regulatory, to Donna Searcy, in CC Docket No. 92-24, dated June 2, 1993.

2. Ex Parte letter from W.W. (Whit) Jordan, Director, Federal Regulatory, to Donna Searcy, in CC Docket No. 92-24, dated June 8, 1993.

GTE

1. Ex Parte letter from F. Gordon Maxson, Director, Regulatory Affairs, to Donna Searcy, in CC Docket No. 92-24, dated April 8, 1993.

2. Ex Parte letter from F. Gordon Maxson, Director, Regulatory Affairs, to Donna Searcy, in CC Docket No. 92-24, dated May 18, 1993.

NYNEX

Ex Parte letter from Kenneth Rust, Director, Federal Regulatory Matters, to Donna Searcy, in CC Docket No. 92-24, dated May 17, 1993.

Pacific Bell

Ex Parte letter from Jo Ann Goddard, Director, Federal Regulatory Relations, to Donna Searcy, in CC Docket No. 92-24, dated May 14, 1993.

SNET

1. Ex Parte letter from Rochelle D. Jones (signed by Wendy Bluemling), Director, Regulatory, to Donna Searcy, in CC Docket No. 92-24, dated March 23, 1993.

2. Ex Parte letter from Rochelle D. Jones (signed by Wendy Bluemling), Director, Regulatory, to Donna Searcy, in CC Docket No. 92-24, dated April 8, 1993.

Southwestern

Ex Parte letter from William A. Blase, Jr., Director, Federal Regulatory, to Donna Searcy, in CC Docket No. 92-24, dated April 8, 1993.

United

Ex Parte letter from Richard D. Lawson, Director, Federal Regulatory Relations, to Donna Searcy, in CC Docket No. 92-24, dated May 14, 1993.

US West

1. Ex Parte letter from Janis A. Stahlhut, Director, Federal Relations, to Donna Searcy, in CC Docket No. 92-24, dated May 11, 1993.

2. **Ex Parte** letter from Janis A. Stahlhut, Director, Federal Relations, to Donna Searcy, in CC Docket No. 92-24, dated May 12, 1993.

APPENDIX E

Ameritech

Ex parte letter from Anthony M. Alessi, Director of Federal Relations, to Donna Searcy, in CC Docket No. 92-24, dated October 26, 1992.

Bell Atlantic

Ex parte letter from Maureen Keenan, Director, FCC Relations, to Donna Searcy, in CC Docket No. 92-24, dated October 23, 1992.

BellSouth

1. Ex parte letter from W.W. (Whit) Jordan, Director - Federal Regulatory, to Donna Searcy, in CC Docket No. 92-24, dated October 26, 1992.
2. Ex parte letter from W.W. (Whit) Jordan, Director - Federal Regulatory, to Donna Searcy, in CC Docket No. 92-24, dated November 10, 1992.

GTE

Ex parte letter from F. Gordon Maxson, Director, Regulatory Affairs, to Donna Searcy, in CC Docket No. 92-24, dated October 27, 1992.

NYNEX

1. Ex parte letter from Kenneth Rust, Director, Federal Regulatory Matters, to Donna Searcy, in CC Docket No. 92-24, dated October 21, 1992.
2. Ex parte letter from Kenneth Rust, Director, Federal Regulatory Matters, to Donna Searcy, in CC Docket No. 92-24, dated October 27, 1992.

Pacific

Ex parte letter from Jo Ann Goddard, Director, Federal Regulatory Relations, to Donna Searcy, in CC Docket No. 92-24, dated October 28, 1992.

SNET

Ex parte letter from Eugene J. Baldrate, Director, Federal Regulatory, to Donna Searcy, in CC Docket No. 92-24, dated October 27, 1992.

Southwestern

Ex parte letter from William A. Blase, Jr., Director, Federal Regulatory, to Donna Searcy, in CC Docket No. 92-24, dated October 22, 1992.

United

Ex parte letter from Richard D. Lawson, Director, Federal Regulatory Relations, to Donna Searcy, in CC Docket No. 92-24, dated November 2, 1992.

US West

Ex parte letter from Janis A. Stahlhut, Director, Federal Relations, to Donna Searcy, in CC Docket No. 92-24, dated October 23, 1992.