GVNW

April 10, 1996

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William F. Canton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

Dear Mr. Canton:

Enclosed is an original and nine copies of the comments of GVNW Inc./Management in response to the Commission's Notice of Proposed Rulemaking in CC Docket 96-45 (Reference FCC 96-93).

Also enclosed is one copy of our comments to be stamped and returned in the enclosed self addressed stamped envelope.

Any questions regarding this filing may be directed to me at (503) 624-7075.

Sincerely,

Kenneth T. Burchett
Vice President

cc: International Transcription Service
Room 246
1919 M Street
Washington, DC 20054

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Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	**CC Docket 96-45**

COMMENTS OF GVNW INC./MANAGEMENT

GVNW Inc./Management (GVNW) respectfully submits its comments in the above -referenced proceeding. GVNW is a consulting firm providing services to local exchange carriers nationwide. Our client companies have been, and continue to be, the sole providers of quality and affordable universal service for many rural areas in this country.

The Telecommunications Act of 1996 reaffirms the need for Universal Service at just, reasonable, and affordable rates to consumers in all regions while outlining policies that strongly promote competition for local services. It can be expected that changes will need to be made in Universal Service mechanisms in those areas of the country where local competition is introduced and there are multiple "eligible telecommunications carriers," GVNW believes that with regard to the service areas of "rural telephone companies", as defined in the Act, this congressional mandate can be accomplished with minimal changes to the current jurisdictional separations rules. We believe that with

some minor changes to the Part 36 Separations Rules, and to the Part 69 access charge rules, the FCC can continue to encourage companies to deploy the necessary infrastructure to facilitate universal service, and provide specific help to low income subscribers.

UNIVERSAL SERVICE PRINCIPLES

GVNW agrees with the principles enumerated in the Communications Act of 1996. We also believe the principles issued by the Commission in its Notice of Proposed Rulemaking in Docket 80-286 released July 13, 1995, should be incorporated in the principles guiding the adoption of procedures for Universal Service. Following is a brief discussion of the principles.

I. Quality and Rates

Quality service is a principle that small telephone companies in rural America have strived for and achieved. This standard of quality and reliability should be the benchmark for all providers of telecommunications service. If competition is to come to rural areas, the Commission should institute sufficient safeguards to assure that the quality of service is equivalent to the standards attained by the current provider. The ability to provide this high quality of service at "reasonable and affordable" rates has been facilitated in large part by the current Universal Service mechanisms. Any contemplated change to the current support mechanism should carefully consider the affect on the provision of services at reasonable and affordable rates, and should also consider the incentives for infrastructure development. In evaluating rates for services in urban versus

rural areas, the Commission should carefully consider the differences between local calling areas in urban and rural areas. In many cases urban areas have calling areas of hundreds of thousands or millions of customers. Rural calling areas often consist of only a few hundred or thousand customers. Rural customers often have to use a much larger amount of toll services than do urban customers to make necessary calls to transact daily business, including calls to such essential services as law enforcement officials, medical services, and educational facilities.

II. Access to Advanced Services

Access to advanced telecommunications and information services should be provided in all regions of the Nation and as the services are subscribed to by the majority of subscribers, they should be added to the list of services included in the core definition of Universal Service.

III. Access in Rural and High Cost Areas

GVNW agrees that consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services. These should include interexchange services and advanced telecommunications and information services, reasonably comparable to those services provided in urban areas. These services should be available at rates reasonably comparable to rates charged for similar services in urban areas.

IV. Equitable And Nondiscriminatory Contributions

Contributions to a Universal Service funding mechanism should be accomplished on an equitable and nondiscriminatory bases. One equitable mechanism is through a

surcharge applied to retail revenues. The determination of whether this base should be related to only interstate retail services, or to a larger base which incorporates state retail services should be evaluated. This evaluation should be in conjunction with the level of support being funded with a federal fund and the corresponding need for funding of individual state mechanisms which may be necessary to comply with the Communications Act of 1996.

V. Specific And Predictable Support Mechanisms

Specific and predictable support mechanisms are vital to any plan that would stimulate infrastructure development.

VI. Access to Advanced Telecommunications Services for Schools, Health Care, and Libraries

GVNW agrees that elementary and secondary schools and classrooms, health care providers, and libraries should have access to advanced telecommunications services.

VII. Other Principles

In the Commission's Notice of Proposed Rulemaking in Docket 80-286, it proposed four principles to be used in evaluating proposed changes to the Universal Service support mechanisms. GVNW believes that these principles should also be incorporated into those used by the Joint Board and FCC in evaluating Universal Service Fund proposals. They are:

- First, assistance should be targeted to those service providers or users who need assistance to maintain local service. This is a key principle which needs to properly address two levels of consideration: 1) the ability to pay for the service for those who

otherwise could not afford the service, and 2), a low enough rate level so that those customers who can afford it will view the service as being valuable enough to subscribe.

In 1994, the Organization for the Protection and Advancement of Small Telephone Companies (OPASTCO) published a study entitled Keeping Rural America Connected.[1] The study includes the results of a subscriber survey indicating that customers would discontinue local service if the monthly price they pay increases by certain amounts. The study indicates that 27.1 % of the customers would discontinue service if their rates were raised by $15 per month. The percentage who would discontinue service increased to 44.7% when the price increase is $25.[2] Rule changes which would escalate rural telephone rates by these amounts would not satisfy the first principle's consideration of offering service at rates which customers would find acceptable.

In view of the Commission's expressed dissatisfaction with the current level of subscribership as stated in its Notice of Proposed Rulemaking regarding subscribership levels issued on July 13, 1995, the Commission should pay particular attention to this principle in its deliberations.[3] It would be inappropriate for the decisions in this NPRM to lead to reduced subscribership at the same time the Commission is trying to increase subscribership levels.

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[1] Keeping Rural America Connected: Costs and Rates in the Competitive Era, a study for the Organization for the Protection and Advancement of Small Telephone Companies (OPASTCO) by John Staurulakis, Inc. and Patricia Lum and funded by OPASTCO and firms throughout the Rural Telecommunications Industry, 1994.

[2] See op.cit. Figure 5.1 on page 5-2.

[3] Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network, Notice of Proposed Rulemaking, CC Docket No. 95-115, released July 13, 1995.

- The second principle is that assistance should promote efficient investment and operations. The support should not encourage investment in specific types of facilities or technologies when other means could deliver local service at lower costs. This principle should be tempered with concerns that the regulatory paradigm, under which the majority of the facilities currently provide local service, contained the implied "Social Contract" that if a company deployed the facilities to provide service, they were entitled to recovery of the cost of those facilities and a fair rate of return during the recovery period. Regulators and/or a company may have adopted long service lives for recovery of the embedded facilities to facilitate lower rates in the past. The newer, lower-cost technology should not be deployed without providing adequate mechanisms to allow the incumbent carriers to recover their undepreciated embedded facilities that will be rendered obsolete by the new regulatory regime.

The application of this principle should also be balanced with concerns that the proposal does not create inappropriate incentives to forego adding investment that is required for the provision of quality service. A proper balance must be reached between providing rules that may have the wrong incentives versus providing enforcement measures to control perceived abuses that may be occurring. In devising a procedure which is "technology neutral," the allocation of loop plant, central office plant, and host/remote facilities should all be considered. Different network designs can substitute loop

investment for host/remote facilities resulting in substantial variations in cost recovery from the interstate jurisdiction including the Universal Service Fund (USF).

- The third principle is to avoid suppressing usage of interstate toll services, and not impose excessive subsidy costs upon interstate carriers and ratepayers. In employing this principle, caution should be used to make sure a reasonable balance is maintained between those costs that are paid by the interstate ratepayers, versus those costs borne by the intrastate ratepayers. A reduction in support will result in a shift in cost to the intrastate jurisdiction which must be borne by the state carriers and ratepayers. As pointed out in the OPASTCO study, significant increases on the local subscribers' bills may result in disconnection of service.[4] A disconnection of service would definitely result in the suppression of interstate usage; in fact, it would result in the loss of all interstate usage from the lines that are disconnected.

- The fourth principle is that the assistance rules should not impose barriers to competitive entry into local telecommunications markets, nor disrupt normal market forces and thereby deprive telecommunications users of the benefits of competition. While competition being introduced in some urban areas is desirable to allow market forces to generate benefits to end users, the consideration of any rule changes must also recognize that in geographic areas where quality service requires support funds to maintain reasonable rates, multiple competitors may not be economically practical. Care

[4] Ibid.

must be taken to avoid providing incentives for competition in areas where such competition could harm subscribership levels and increase reliance on the support mechanisms. A plan that would result in multiple networks being built by multiple carriers in an area in which only having a single carrier network would require a support mechanism would not provide any benefit to the customers and could increase the burden on the support mechanisms. Such a plan could also jeopardize the financial viability of the incumbent exchange carrier that deployed the facilities which have been utilized to achieve the subscribership levels in existence before the "competition" was introduced.

DEFINITION OF SERVICES SUPPORTED BY UNIVERSAL SERVICE MECHANISMS

GVNW believes the core set of services which should be supported by universal service should include: voice grade access to the public switched network; touch-tone; white page directory listings; access to operator services and directory assistance; and, access to emergency services such as 911 or Enhanced 911. We believe that all of these services meet the four criteria laid out in Section 254(c)(1) of the Communications Act of 1996. In the above definition, "access to" should be interpreted as providing the telecommunications link to a network from which these services may be obtained, and not providing support for the actual services (i.e., operator services, directory assistance, 911 and E911) themselves.

Any additional services that may be added to the list of Universal Services should be carefully reviewed using the four criteria contained in the Act.

If equal access is included in the initial list of core services, or later added to the list of services, we ask that the cost allocation and recovery of the costs to upgrade facilities to accommodate the equal access conversion be addressed. One way of addressing this issue would be to consider the new requirement of a "bona fide request" thus allowing the company to assign cost using the equal access treatment currently contained in Part 36.191 of the Commission's rules.

The services provided in the core of "universal services" should be provided to all customers, and support for high cost areas should not be limited to a certain class of customers, such as residential customers over business customers. Support for high cost should continue to be provided to the company placing the infrastructure. Support to individual classes of customers should continue to be handled through the Lifeline and Link-up programs.

As networks develop and services become available to the majority of subscribers, those services should be evaluated for inclusion in the core list of services supported by the universal service support mechanisms.

SHOULD HIGH COST SUPPORT FOR UNIVERSAL SERVICE CONTINUE TO BE INCORPORATED IN THE JURISDICTIONAL SEPARATIONS RULES?

GVNW believes the separations rules should continue to be used as the method for assigning high cost that is to be supported by the Federal support mechanism for "rural telephone companies". We recognize that other mechanisms may be necessary for the serving areas of larger telephone companies where local competition is likely to be

introduced at a much quicker pace than in "rural telephone company" serving areas. We believe that universal service provisions related to "rural telephone companies" can be implemented with minimal changes to the Part 36 separations rules while still being consistent with the Telecommunications Act of 1996. The United States Telephone Association (USTA) has been working on a plan which, in certain respects has substantial merit for small telephone company and we will be using some of the ideas from that plan in our comments.

Current Universal Service Fund and DEM Weighting

The current expense adjustment procedures for assigning high loop cost to the interstate jurisdiction and the Dial Equipment weighting procedures for assigning additional switching cost to the interstate jurisdiction should continue for "rural telephone companies" with minor modifications.

With regard to the interstate expense adjustment calculation (USF), we recommend the lag be removed from the rules by changing the appropriate dates. Initial reimbursement for USF funds could be based on estimated costs for the year with true-ups completed when actual data is available. The cost associated with the interstate expense adjustment should be for the same period as those costs included in subparts B, D, and E of the Part 36 rules.

With regard to the DEM weighting procedures, the Part 36 should remain the same, but the Part 69 rules should be adjusted so that the difference between interstate allocations based on the unweighted DEM and the weighted DEM is collected through an

external support fund rather than through the rates charged to the interexchange carriers on a per minutes of use basis.

TRANSITION OF CARRIER COMMON LINE CHARGES

GVNW supports the further transition of Common Line costs away from the interexchange carrier by way of the Carrier Common Line Charge (CCL) to the end user through the End User Common Line (EUCL) charge. This transition, however, should be approached with a careful consideration of the principles laid out in the Communications Act and the principles proposed by the Commission and referenced earlier in these comments. Specifically, there needs to be an affordability benchmark, (i.e., a cap on the maximum level to which the EUCL can be raised). Current industry numbers would support that the average base allocation of Common Line cost to the interstate jurisdiction is approximately $5.50 per line per month. This could be established as the transitional goal for the maximum EUCL charge. To the extent a company's allocation of loop cost to the interstate jurisdiction is not recovered through the EUCL charge, it should be recovered through the support mechanism. We recommend an adequate transition period to move to this increased EUCL and the elimination of the CCL. We believe a four year period would be adequate to accomplish this transition.

The Commission's concerns about the continuation of the Long Term Support program would also be addressed in the above plan, as by the end of the transition plan all interstate Common Line cost in excess of the amount collected through the EUCL will be

recovered from the support mechanism and there will be no need for the Long Term Support payments.

GEOGRAPHIC AREAS

GVNW recognizes that the current study areas may not be the appropriate level for determining support as we move into a more competitive environment. The use of a smaller area becomes a necessity when competition moves in to serve only a portion of the incumbent's study area. We believe, however, that the move to the census block group as the primary geographic area is ill advised because of the administrative cost associated with such a move. We support the initial movement toward an exchange or wire center as a more appropriate first step toward targeting high cost support. Adoption of support areas below the wire center level should be made only as a result of a showing that competition exists in only portions of the wire center for non-rural companies, and should be part of the public interest determination involved in competitors seeking to gain eligibility to serve in portions of rural telephone companies areas.

With regards to the Benchmark Costing Model (BCM), we believe it totally inappropriate as a substitute for actual cost. Using the BCM as a surrogate for actual cost will provide financial incentives that work contrary to the deployment of infrastructure in rural high cost areas. The incentive is to meet the proxy criteria in order to get the support, not to invest the money in infrastructure and maintenance of the facilities. GVNW expressed a number of initial concerns with the BCM in previous comments before the Commission, comments which are still valid in evaluating the use of the

BCM.[5] While it is not appropriate to use the BCM as a substitute for actual total cost, GVNW could see the BCM being evaluated and modified to be used as a tool in disaggregating total actual cost to a smaller geographic area for determining support for that smaller area.

COMPETITIVE BIDDING PROCESS

GVNW believes it is premature for the Commission to seriously consider the competitive bidding of support levels as a means of meeting Universal Service obligations. The Commission needs to carefully consider how the bidding process might result in a death spiral for the incumbent LECs that have deployed significant infrastructure and rely on the current level of support to maintain their financial viability. In small rural companies the loss of customers would result in a loss of revenues without necessarily a corresponding reduction in costs. In considering the competitive bidding process, the Commission should strongly consider measures that would assure the new entrants' ability to meet the Universal Service requirements for all customers affected, if the incumbent were to be dragged into insolvency. The Commission should also address the social compact which has resulted in the incumbent investing in the infrastructure and operations of the telephone company under the existing and prior rules.

We also do not believe the competitive bidding process meets the principles outlined in the Communications Act of 1996. Specifically, this approach will likely not meet the requirement of specific, predictable and sufficient Federal and State mechanisms

[5]See Comments of GVNW Inc./Management, filed with the Commission in Docket 80-286, October 9, 1995, pp. 45-46.

to preserve and advance universal service. The enforcement issue would be significant in any such effort.

TRANSITIONING CONCERNS AND CONTINUATION OF THE INTERIM CAP

In light of the Acts requirement that all support be explicit, we do not believe it is appropriate to continue the interim cap on the Universal Service Fund. Based on various studies, and Commissioner Barrett's concern that going-forward contributions needed to support new Universal Service policies could be formidable. Any move to restrict the fund size now will just increase the gap that must be addressed in the transition to the new mechanisms.

We would also note that the current support mechanisms give substantial financial support to certain companies and that they have upgraded infrastructure and extended service to customers under the assumption that such a plan would continue. Any new plan that is adopted as a result of that proceeding should contain adequate transitions (over several years) to avoid rate shock, to avoid unrecovered costs of providing service, and to give companies adequate notice to adjust their operations and rates to maintain financial viability.

MEASURES TO ASSURE THAT SUPPORT IS USED FOR ITS INTENDED PURPOSE

Under the current rules, a company only receives support after it has incurred the costs for providing loop service to subscribers. The company is reimbursed for a portion

of those costs according to the formula specified in the Part 36 rules. We believe that this reimbursement of actual cost is an absolute way to assure that companies have used the support for the intended purpose.

We believe it would be very difficult for the Commission to develop measures which would adequately assure that a company uses support payments for the intended purpose, if the method for determining the support is a proxy, rather than actual cost. As mentioned earlier in these comments, a proxy provides the wrong incentive and we believe it would be an extreme administrative burden on the Commission to develop and enforce measures which would provide the assurance that companies receiving the support are using that support for the intended purpose.

SUPPORT OBLIGATIONS (CONTRIBUTING TO THE FUND)

The Commission requests comments on several issues related to the funding of the support mechanism. One of the questions relates to the practicality of the approach used for the TRS model. The TRS model is not a good model for purposes of funding the support mechanism. In fact, the TRS model does not even live up to the Commission's orders which indicated that contributions to the TRS fund would be recoverable from interstate services. The application of the current separations and access charge rules, as they pertain to the TRS fund contributions, results in a significant portion of the contribution being assigned to the interstate billing and collection category for which there is no additional recovery. Changes should be made in Part 69 to rectify this problem if the TRS model is used for gathering USF support. Another problem with the

TRS model as it is currently being administered is that the support payment received from the Universal Service Fund administrator is included in the basis for determining the contribution level. With regards to using this approach for funding the Universal Service Fund, the circularity is undesirable and may create significant recovery problems. The Universal Service Fund support payments should not be included as part of the basis upon which TRS or Universal Service funding is based.

SUMMARY OF GVNW PROPOSAL

The GVNW porposals are summarized as follows:

Part 36 Rule Changes

- Subpart F - Universal Service Fund modified to apply only to rural LECs and changed to remove the lag in the calculations.
- DEM Weighting rules modified to apply only to rural LECs.

Part 69 rule Changes

- Increase cap on EUCL to $5.50
- Eliminate Carrier Common Line
- Eliminate Long Term Support payments
- Make provisions for new support mechanism which will pick up residual Common Line requirement in excess of EUCL charges, plus DEM weighting and the interstate expense adjustment (USF)
- The proposal includes a four year transition to increase the EUCL and phase out the CCL and long term support.

Selected Financial Impacts of GVNW Proposal

The plan outlined is designed to accomplish a number of goals including:

1. Eliminate the per minute charge on interexchange carriers for interstate Common Line facilities.
2. Recognize the need to shift some Common Line cost to the end user but maintain a cap which is consistent with public policy and Universal Service concerns.
3. Recognize that all Common Line support should come from the end user or an explicit support mechanism.
4. Transfer the high switch cost support from a per minute change on IXCs to an explicit support fund.

The appendices to this filing contains a priceout of the Common Line impacts for 97 of our client companies' study areas. These impacts use data which was put on the record in comments filed in October 1994 in response to the Commission's Notice of Inquiry in Docket 80-286 (Ref. FCC 94-199). Following is a brief description of each of these five appendices:

1. The first appendices shows the Common Line recovery for the 97 companies' study areas for 1993 under the current rules and shows the per line per month recovery from each source of revenue.
2. The second appendices uses the same 1993 Common Line data and shows the recovery under the GVNW proposed plan, which increases the EUCL charge and eliminates the CCL and LTS. These numbers represent and end of transition view of the plan.

3. The third appendices compares the end user recovery of the current procedures to the proposed plan at the end of transition. The increase in monthly charges to the end user's are as follows for the 97 companies:

Smallest Impact	$ .61
Largest Impact	$3.29
Average Impact	$1.76

4. The fourth appendices shows the impact of removing the per minute charges to IXCs from the recovery mechanism. For the 97 small companies, this removes $23,434,133 from the Common Line charges that are born by the IXCs in their per minute rates paid to LECs.

5. The fifth appendices shows the change in loop cost recovered by the small companies as explicit support payments. Under the current plan, The explicit support payments come from two sources (i.e., the USF and the LTS). Under the proposed plan, the explicit Common Line support will come from the USF and the residual Common Line support amount. For the 97 companies included in this price out, the explicit support would increase by $247,373.

CONCLUSION

GVNW supports the Universal Service principles laid out in the Communications Act of 1996 and those principles contemplated by the Commission the Docket 80-286 NPRM. We believe the provision of high cost support to rural telephone companies can be achieved with minimal changes to the jurisdiction separations rules accompanied by some

more substantive changes in the recovery of the interstate costs, while recognizing that different mechanisms are likely appropriate for other telephone companies.

Any changes to the current rules should include adequate transition periods to avoid unrecovered cost shifts and rate shock.

Respectfully submitted,
Kenneth T. Burchett
Vice President

APPENDIX 1

SUMMARY OF INTERSTATE LOOP COST RECOVERY

PURPOSE

Illustrate the interstate loop cost recovery under the current rules.

DESCRIPTION

Interstate loop costs are recovered from four sources as follows:

Carrier Common Line Charges - This is a per minute of use charge assessed to interexchange carriers by local exchange carriers.

Universal Service Fund - The universal service fund is designed to recover the interstate expense adjustment. This amount is "bulk billed" by the National Exchange Carrier Association to interexchange carriers. The funds are then distributed to qualifying LECs to cover their expense adjustment.

Long Term Support - This represents an amount paid by non-pooling local exchange carriers to the NECA common line pool to recover the residual of the base factor portion of the common line revenue requirement after taking into account the end user common line revenues and the carrier common line revenues. The amounts paid by the non-pooling local exchange carriers is then included in their per minute charges to the interexchange carriers.

End User Common Line - This is the monthly charge on end users for access to the interstate network. This is often referred to as the EUCL (End User Common Line charge) or the SLC (Subscriber Line Charge).

SOURCE OF DATA

The data in this appendices is from the information filed by GVNW in October 1994 in response to the Commissions Notice of Inquiry in Docket 80-286 (ref. FCC 94-199). The data is from the 1993 study period.

Analysis - Summary of Interstate Loop Cost Recovery (Based on 1993 data)

	NECA #	COMPANY	Msg Loops	Carrier Com. Ln. Rev.	USF	End User Com. Ln. Rev.	Long Term Support	Total Interstate Loop Cost	Amount Per Loop Per Month: Carrier Com. Ln. Rev.	USF	End User Com. Ln. Rev.	Long Term Support	Total Interstate Loop Cost
1	200259	Hardy Telephone Company	2,310	61,087	780,288	95,807	418,187	1,355,369	2.20	28.15	3.46	15.09	48.89
2	270429	East Ascension Tel. Co	25,694	441,719	1,296,501	1,156,549	1,506,792	4,401,561	1.43	4.20	3.75	4.89	14.28
3	330937	Price County Telephone Company	3,955	76,518	333,324	177,713	178,654	766,209	1.61	7.02	3.74	3.76	16.14
4	330941	Rib Lake Telephone Company	1,139	13,546	66,816	48,479	70,892	199,733	0.99	4.89	3.55	5.19	14.61
5	340984	Cass County Telephone Company	2,751	33,926	0	119,902	130,861	284,689	1.03	0.00	3.63	3.96	8.62
6	341004	El Paso Telephone Company	1,716	28,099	15,816	70,554	33,477	147,946	1.36	0.77	3.43	1.63	7.18
7	341009	C-R Telephone Company	895	16,605	103,392	38,161	58,402	216,560	1.55	9.63	3.55	5.44	20.16
8	341023	Gridley Telephone Company	1,207	23,247	1,632	55,351	56,435	136,665	1.61	0.11	3.82	3.90	9.44
9	341032	Home Telephone Company	810	14,777	0	34,505	95,346	144,628	1.52	0.00	3.55	9.81	14.88
10	341045	Leaf River Telephone Company	588	9,888	22,128	24,948	70,344	127,308	1.40	3.14	3.54	9.97	18.04
11	341049	Madison Telephone Company	1,392	22,338	0	56,859	119,573	198,770	1.34	0.00	3.40	7.16	11.90
12	341058	Montrose Mutual Telephone Company	1,395	21,708	42,960	61,062	23,281	149,011	1.30	2.57	3.65	1.39	8.90
13	341060	Moultrie Independent Telephone	660	8,099	81,588	28,510	62,123	180,320	1.02	10.30	3.60	7.84	22.77
14	351105	Ayshire Farmers Mutual	391	5,053	0	14,050	11,758	30,861	1.08	0.00	2.99	2.51	6.58
15	351316	United Farmers	571	32,585	26,236	27,239	17,836	103,896	4.76	3.83	3.98	2.60	15.16
16	351327	Weeb-Dickens	436	7,646	0	17,894	13,361	38,901	1.46	0.00	3.42	2.55	7.44
17	351888	Grand River, Iowa	5,750	128,954	9,912	252,328	107,529	498,723	1.87	0.14	3.66	1.56	7.23
18	381637	West River Telecommunications	9,171	154,095	0	378,132	239,719	771,946	1.40	0.00	3.44	2.18	7.01
19	411829	S & A Telephone Company	828	12,436	78,595	35,428	85,526	211,985	1.25	7.91	3.57	8.61	21.34
20	421865	Citizens	3,725	38,426	184,536	156,068	234,163	613,193	0.86	4.13	3.49	5.24	13.72
21	421888	Grand River, Mo.	13,017	171,842	266,988	561,595	556,252	1,556,677	1.10	1.71	3.60	3.56	9.97
22	421901	Kingdom Telephone Co	3,669	36,476	305,760	167,337	390,773	900,346	0.83	6.94	3.80	8.88	20.45
23	442066	Dell Telephone Cooperative (TX)	552	13,712	1,098,944	24,190	508,594	1,645,440	2.07	165.90	3.65	76.78	248.41
24	462187	El Paso County Telephone Company	1,909	52,974	208,077	89,978	81,473	432,502	2.31	9.08	3.93	3.56	18.88
25	462188	Farmers Telephone Company	322	8,121	127,836	13,687	48,616	198,260	2.10	33.08	3.54	12.58	51.31
26	462196	Peetz Cooperative Telephone	190	6,292	22,857	7,958	7,284	44,391	2.76	10.03	3.49	3.19	19.47
27	462201	Rico Telephone Company	107	3,495	11,942	2,832	12,249	30,518	2.72	9.30	2.21	9.54	23.77
28	462202	Roggen Telephone Coop.	225	4,433	73,627	10,119	67,195	155,374	1.64	27.27	3.75	24.89	57.55
29	462207	Strasburg Telephone Company	919	22,245	9,891	38,757	23,641	94,534	2.02	0.90	3.51	2.14	8.57
30	472213	Albion Telephone Company	913	30,408	377,821	40,030	159,787	608,046	2.78	34.49	3.65	14.58	55.50
31	472215	Cambridge Telephone Company	805	21,210	189,806	35,853	116,236	363,105	2.20	19.65	3.71	12.03	37.59
32	472218	Custer Telephone Cooperative	1,479	43,513	0	67,318	9,621	120,452	2.45	0.00	3.79	0.54	6.79
33	472226	Midvale Telephone Exchange, Id.	356	9,868	191,544	13,944	90,947	306,303	2.31	44.84	3.26	21.29	71.70
34	472230	Potlatch Telephone Company	912	25,111	173,184	40,281	74,438	313,014	2.29	15.82	3.68	6.80	28.60
35	472232	Rockland Telephone Company	312	10,362	181,467	14,120	95,392	301,341	2.77	48.47	3.77	25.48	80.49
36	472233	Rural Telephone Company	388	6,715	144,396	15,177	89,914	256,202	1.44	31.01	3.26	19.31	55.03
37	472234	Troy Telephone Company	781	24,857	40,722	33,049	5,806	104,434	2.65	4.35	3.53	0.62	11.14
38	482242	Interbel Telephone Company	1,159	37,105	351,582	50,524	258,376	697,587	2.67	25.28	3.63	18.58	50.16
39	482244	Lincoln Telephone Company	868	19,515	1,812	37,933	19,058	78,318	1.87	0.17	3.64	1.83	7.52
40	482251	Range (Montana)	3,093	88,797	766,043	138,211	522,867	1,515,918	2.39	20.64	3.72	14.09	40.84
41	482254	Southern Montana Telephone Company	778	20,435	241,130	30,500	131,910	423,975	2.19	25.83	3.27	14.13	45.41
42	482255	Blackfoot Telephone Cooperative	5,958	181,659	800,121	252,647	497,433	1,731,860	2.54	11.19	3.53	6.96	24.22
43	482257	Triangle	8,422	166,822	722,431	389,439	420,504	1,699,196	1.65	7.15	3.85	4.16	16.81
44	492066	Dell Telephone Cooperative (NM)	305	6,193	193,740	12,830	207,918	420,681	1.69	52.93	3.51	56.81	114.94
45	492259	Baca Valley Telephone	635	18,186	413,804	25,137	154,162	611,289	2.39	54.30	3.30	20.23	80.22
46	492263	La Jicarita Rural Telephone Co	1,534	26,845	261,145	63,204	105,092	456,286	1.46	14.19	3.43	5.71	24.79

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47	492272	Roosevelt County Telephone	1,586	33,128	506,116	65,664	267,517	872,425	1.74	26.59	3.45	14.06	45.84
48	502277	Central Utah	999	16,643	288,664	39,209	71,577	416,093	1.39	24.08	3.27	5.97	34.71
49	502278	Emery Telephone Company	3,637	57,981	101,892	164,024	50,542	374,439	1.33	2.33	3.76	1.16	8.58
50	502286	South Central Utah Telephone	3,120	71,632	86,437	153,299	152,621	463,989	1.91	2.31	4.09	4.08	12.39
51	502287	Uintah Basin	2,454	31,514	935,244	107,275	288,044	1,362,077	1.07	31.76	3.64	9.78	46.25
52	512251	Range (Wyoming)	1,485	53,784	311,820	72,453	158,108	596,165	3.02	17.50	4.07	8.87	33.45
53	512289	Chugwater Telephone	257	6,771	13,388	10,528	15,106	45,793	2.20	4.34	3.41	4.90	14.85
54	512291	Dubois Telephone Exchange	1,801	63,878	718,910	76,951	208,220	1,067,959	2.96	33.26	3.56	9.63	49.42
55	512296	Tri County Telephone	954	26,662	101,921	41,143	106,171	275,897	2.33	8.90	3.59	9.27	24.10
56	522404	Asotin Telephone Company (Wa)	1,031	22,125	169,047	42,926	98,339	332,437	1.79	13.66	3.47	7.95	26.87
57	522412	Ellensburg Telephone Company	17,421	377,316	0	782,353	6,991	1,166,660	1.80	0.00	3.74	0.03	5.58
58	522451	Western Wahkiakum County Telephone	902	24,043	422,421	38,008	201,077	685,549	2.22	39.03	3.51	18.58	63.34
59	522453	Yelm Telephone Company	7,906	184,678	1,788	358,434	149,489	694,389	1.95	0.02	3.78	1.58	7.32
60	532226	Midvale Telephone Exchange, Or.	209	4,732	113,112	8,640	42,589	169,073	1.89	45.10	3.44	16.98	67.41
61	532359	Beaver Creek Cooperative	3,793	76,676	155,461	157,355	173,114	562,606	1.68	3.42	3.46	3.80	12.36
62	532362	Canby Telephone Association	8,466	184,712	0	377,147	5,976	567,835	1.82	0.00	3.71	0.06	5.59
63	532363	Clear Creek Mutual Telephone	3,172	66,402	326,304	132,703	152,167	677,576	1.74	8.57	3.49	4.00	17.80
64	532364	Colton Telephone Company	1,074	24,432	177,553	45,220	72,830	320,035	1.90	13.78	3.51	5.65	24.83
65	532369	Eagle Telephone	402	8,594	28,963	15,626	53,889	107,072	1.78	6.00	3.24	11.17	22.20
66	532371	Cascade Utilities	8,286	179,564	0	364,978	136,067	680,609	1.81	0.00	3.67	1.37	6.84
67	532376	Helix Telehone	242	6,074	112,988	10,466	42,526	172,054	2.09	38.91	3.60	14.64	59.25
68	532377	Home Telephone Company	627	9,058	116,170	27,554	34,172	186,954	1.20	15.44	3.66	4.54	24.85
69	532378	Trans-Cascades Telephone Company	127	2,555	157,123	5,654	35,728	201,060	1.68	103.10	3.71	23.44	131.93
70	532383	Molalla Telephone Company	4,794	105,372	755,762	221,849	347,025	1,430,008	1.83	13.14	3.86	6.03	24.86
71	532384	Monitor Cooperative	625	11,537	58,566	27,135	30,868	128,106	1.54	7.81	3.62	4.12	17.08
72	532387	Nehalem Telephone & Telegraph	2,400	40,812	0	104,824	2,729	148,365	1.42	0.00	3.64	0.09	5.15
73	532388	North State Telephone	462	10,335	30,534	20,378	888	62,135	1.86	5.51	3.68	0.16	11.21
74	532389	Oregon Telephone	1,655	35,579	79,008	68,229	53,616	236,432	1.79	3.98	3.44	2.70	11.90
75	532390	Oregon-Idaho Utilities	537	21,617	320,700	25,330	295,340	662,987	3.35	49.77	3.93	45.83	102.88
76	532392	Pine Telephone	715	18,622	146,658	32,273	94,226	291,779	2.17	17.09	3.76	10.98	34.01
77	532393	Pioneer Telephone Cooperative	11,845	262,862	0	531,437	102,936	897,235	1.85	0.00	3.74	0.72	6.31
78	532397	Scio Mutual Telephone	1,541	33,101	70,873	62,703	38,262	204,939	1.79	3.83	3.39	2.07	11.08
79	532404	Asotin Telephone Company (Or)	107	2,759	132,126	4,300	39,087	178,272	2.15	102.90	3.35	30.44	138.84
80	542332	The Ponderosa Telephone Company	7,018	80,837	2,546,899	291,932	1,191,848	4,111,516	0.96	30.24	3.47	14.15	48.82
81	542339	Siskiyou Telephone Company	4,063	70,927	1,080,441	172,059	627,262	1,950,689	1.45	22.16	3.53	12.87	40.01
82	552233	Rural Telephone Company	493	13,878	223,620	20,719	127,930	386,147	2.35	37.80	3.50	21.62	65.27
83	552349	Churchill County Telephone	9,254	330,633	845,823	465,725	323,525	1,965,706	2.98	7.62	4.19	2.91	17.70
84	552351	Lincoln County Telephone System	1,857	42,755	17,724	85,918	54,024	200,421	1.92	0.80	3.86	2.42	8.99
85	552356	Rio Virgin Telephone Company	2,004	110,178	27,972	95,707	(31,802)	202,055	4.58	1.16	3.98	(1.32)	8.40
86	613001	Arctic Slope Telephone	1,692	111,165	659,594	99,342	265,495	1,135,596	5.48	32.49	4.89	13.08	55.93
87	613003	Bristol Bay Telephone Cooperative	1,464	37,187	342,651	70,634	175,416	625,888	2.12	19.50	4.02	9.98	35.63
88	613004	Bush-Tell, Inc	684	7,239	194,389	32,172	168,373	402,173	0.88	23.68	3.92	20.51	49.00
89	613006	Copper Valley Telephone Cooperative	4,189	122,316	699,273	213,487	538,853	1,573,929	2.43	13.91	4.25	10.72	31.31
90	613007	Cordova Telephone Cooperative	1,531	44,097	138,405	79,913	118,084	380,499	2.40	7.53	4.35	6.43	20.71
91	613011	Interior Telephone	3,789	150,594	1,024,420	195,644	652,026	2,022,684	3.31	22.53	4.30	14.34	44.49
92	613013	Ketchikan Public Utilities	8,709	309,162	769,706	438,621	252,674	1,770,163	2.96	7.37	4.20	2.42	16.94

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93	613016	Mukluk Telephone	798	8,312	541,027	38,591	205,968	793,898	0.87	56.50	4.03	21.51	82.90
94	613018	Nushagak Telephone Cooperative	1,725	35,848	279,496	81,552	164,106	561,002	1.73	13.50	3.94	7.93	27.10
95	613019	Otz Telephone Cooperative	2,273	34,928	107,169	112,647	147,939	402,683	1.28	3.93	4.13	5.42	14.76
96	613023	United Utilities	4,006	39,220	1,389,933	186,836	828,878	2,444,867	0.82	28.91	3.89	17.24	50.86
97	613025	Yukon Telephone Company	372	8,047	119,335	18,736	65,084	211,202	1.80	26.73	4.20	14.58	47.31
			265,545	5,840,816	27,667,820	11,922,492	17,593,317	63,024,445	1.83	8.68	3.74	5.52	19.78

APPENDIX 2

SUMMARY OF INTERSTATE LOOP COST RECOVERY

PURPOSE

Illustrate the interstate loop cost recovery under proposed change in rules. The new plan phases out the Carrier Common Line Charges and the Long Term support payments, with an increase in the End User Common Line charges and the residual interstate recovery comming from the Universal Service Fund.

DESCRIPTION

Interstate loop costs are recovered from four sources as follows:

Carrier Common Line Charges - Phased out in new plan.

Universal Service Fund - The universal service fund is designed to recover the interstate expense adjustment, the residual common line requirement in excess of the End User Common Line Access charge (EUCL). (Note, this fund will also include the switch support resulting from DEM weighting for the rural exhange carriers. This portion is not being illustrated in this loop cost analysis.)

Long Term Support - Phased out under new plan.

End User Common Line - This is the monthly charge on end users for access to the interstate network. This is often referred to as the EUCL (End User Common Line charge) or the SLC (Subscriber Line Charge).

SOURCE OF DATA

The data in this appendices is from the information filed by GVNW in October 1994 in response to the Commissions Notice of Inquiry in Docket 80-286 (ref. FCC 94-199). The data is from the 1993 study period.