VII. FURTHER NOTICE OF PROPOSED RULEMAKING

A. PICCs for Special Access Lines

397. In this Further Notice of Proposed Rulemaking, we seek comment on our proposal to allow incumbent local exchange carriers to impose a PICC on special access lines.

1. Background

398. As discussed in Section III.A., in most cases, the $3.50 SLC ceiling for primary residential and single-line business customers does not allow recovery through the SLC of the average per-line common line revenues permitted under our price cap rules. Similarly, in certain service areas, the $6.00 SLC for multi-line business lines is insufficient to recover the average per-line revenues permitted by price cap regulation. To alleviate this shortfall, we are instituting a number of changes, including raising the ceiling on the SLC for multi-line business and second and additional residential lines.[594] Although this increase in the SLC will recover some of the shortfall, other measures are needed to allow recovery of the common line revenues permitted under our rules.

399. Therefore, we have permitted LECs to recover common line revenues not recovered from the SLC by assessing flat, per-line charges on the end-user's presubscribed interexchange carrier. Specifically, we are permitting LECs to assess a PICC on all lines, subject to ceilings which will be increased each year. To the extent that the revenues from SLCs and PICCs on primary residential lines and single-line business lines are insufficient to recover the full common line revenues permitted by our price cap rules for these lines, or the multi-line SLCs are at their ceilings, incumbent LECs shall recover the difference by assessing an additional PICC on non-primary residential and multi-line business lines. To the extent that these PICCs do not recover an incumbent LEC's remaining permitted CCL revenues, incumbent LECs generally shall recover any such residual common line revenues through per-minute CCL charges assessed on originating access minutes.

400. As a result of our new rules, certain multi-line businesses will be paying higher SLCs than they do now. Similarly, as the PICCs are phased in, IXCs initially will be required to pay higher PICCs for a multi-line business end user compared to the PICC paid for a primary residential end user or a single-line business end user.

401. In contrast, users of special access do not pay a SLC. Furthermore, under special access, IXCs do not incur the same local access charges that are incurred by end users using switched access. In light of our most recent changes to charges incurred by multi-line businesses, including the higher SLC and the new multi-line business PICC, it may be cost

[594] *See* Section III.A. for additional revisions to the recovery of common line revenues.

effective for some multi-line businesses that are currently using switched access to purchase instead special access lines.

402. We are concerned that these facts could lead to the migration of certain businesses from the public switched network to special access, which would result in a decrease in projected revenue from multi-line SLCs. As a result PICCs for all remaining switched access lines will necessarily increase to make up for the loss of revenue.

2. Proposal

403. We tentatively conclude that we should permit price cap LECs to assess a PICC on special access lines to recover revenues for the common line basket. The special access PICC would be no higher than the PICC that an incumbent LEC could charge for a multi-line business line. Under our proposal, the special access PICC would not recover TIC or marketing expense.

404. We acknowledge that our proposal is a departure from established Commission practice that special access will not subsidize other services. Although our proposal is a subsidy, it is temporary in nature and will be phased out as the single-line PICC is phased in. We tentatively conclude that our proposal is necessary for our transition from the per-minute CCL charge to the flat PICC to work.

405. We invite parties to comment on this proposal. We also seek comment on how special access connections should be counted for purposes of assessing a "per line" PICC. Parties should also address the extent to which our proposal affects large and small LECs differently and how small business entities, including small incumbent LECs and new entrants, will be affected.[595]

406. Consistent with our approach to reform the interstate access charge regime, however, we tentatively conclude that the scope of this proceeding should be limited to incumbent price cap LECs. As discussed in Section V., *supra*, we have limited the scope of access reform, with some limited exceptions, to price cap incumbent LECs.[596] Similarly, we limit the scope of this NPRM. To the extent necessary, we will instead address the effect of these issues on rate-of-return carriers in our separate access reform proceeding for rate-of-return carriers in 1997. In that proceeding, we will have the opportunity to conduct a comprehensive review of the circumstances unique to these carriers. We seek comment on

[595] *See* Regulatory Flexibility Act, 5 U.S.C. §§ 601 *et seq.*

[596] These incumbent LECs are the seven Regional Bell Operating Companies (Ameritech, Bell Atlantic, BellSouth, NYNEX, Pacific Telesis, SWBT, U S West), Citizens, Frontier, GTE, Aliant (formerly Lincoln), SNET, and United/Central.

this tentative conclusion regarding the scope of this proceeding. We also invite parties to identify any changes that should be made to other access elements as a result of this proposed change.

B. General Support Facilities Costs

407. As discussed in Section IV. D above, the current allocation of GSF costs enables incumbent LECs to recover through regulated interstate access charges costs associated with the LECs' nonregulated billing and collection functions. In this section, we seek comment on proposed changes in the allocation of price cap LECs' interstate costs between regulated interstate services and nonregulated billing and collection activities.

1. Background

408. The costs that incumbent LECs recover through interstate access charges are determined by a multi-step process. Incumbent LECs first record their investment costs and booked expenses in the accounts prescribed by the Commission's Part 32 Uniform System of Accounts (USOA).[597] They next divide the recorded investment and expenses between regulated and nonregulated services pursuant to Part 64 of the Commission's rules. Incumbent LECs then divide regulated expenses and investment costs between the state and interstate jurisdictions pursuant to the separations procedures prescribed in Part 36 of the Commission's rules.[598] Finally, in accordance with our Part 69 access charge rules, the LEC apportions its regulated interstate costs among the interstate access and interexchange service categories.[599]

409. Because the Part 69 access charge rules are applied at the end of this multi-step process, they are written to accommodate the accounts defined by the USOA and the cost categories prescribed by the Separations Manual. In 1987, the Commission revised its access charge rules[600] in response to the Commission's comprehensive revision of both the USOA[601]

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[597] *See* 47 C.F.R. Part 32.

[598] *See* 47 C.F.R. Part 36.

[599] *See* 47 C.F.R. Part 69.

[600] Amendment of Part 69 of the Commission's Rules and Regulations, Access Charges, To Conform It With Part 36, Jurisdictional Separations Procedures, CC Docket No. 87-113, Report and Order, 2 FCC Rcd 6447 (1987) (*Part 69 Conformance Order*).

[601] Revision of the Uniform System of Accounts and Financial Reporting Requirements for Class A and Class B Telephone Companies (Parts 31, 33, 42, and 43 of the FCC's Rules), CC Docket No. 78-196, Report and Order, FCC 86-221 (rel. May 15, 1986) (creating Part 32 of the Commission's rules).

and the Separations Manual.[602] In its *Part 69 Conformance Order*, the Commission amended Part 69 to reapportion regulated interstate costs, including General Support Facilities (GSF) investment expenses, among the existing access elements.

410. As discussed in Section IV.D above, the GSF investment category in Part 36 includes assets that support other operations, such as land, buildings, vehicles, as well as general purpose computer investment accounted for in USOA Account 2124.[603] Some incumbent LECs use general purpose computer equipment, which is included in the GSF investment category, to provide nonregulated billing and collection services to IXCs.[604] The costs of providing interstate billing and collection service are not, however, treated as nonregulated in the Part 64 cost allocation process. Instead, nonregulated interstate billing and collection costs are identified through the Part 36 and Part 69 cost allocation process. The separations process allocates these costs to the various separations categories based on the separations of the three largest categories of expenses, *i.e.*, plant specific expenses, plant non-specific expenses, and customer operations expenses.[605]

411. In its comments in response to the NPRM, AT&T refers to the allocation of embedded GSF expenses, including general purpose computer expenses, among access categories as a misallocation resulting in an implicit cross-subsidy of incumbent LECs' nonregulated billing and collection services. This allocation, AT&T contends, results in the inappropriate support through regulated access charges of LECs' billing and collection service,

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[602] MTS and WATS Market Structure, Amendments of Part 67 (New Part 36) of the Commission's Rules and Establishment of a Federal-State Joint Board, CC Docket Nos. 78-72, 80-286, and 86-297, Report and Order, 2 FCC Rcd 2639 (1987). *See* Part 36 of the Commission's rules, 47 C.F.R. Part 36.

[603] *See* 47 C.F.R. § 36.111.

[604] In 1986, the Commission found that the market for billing and collection service was sufficiently competitive that it was not necessary to require LECs to provide that service as a tariffed common carrier service. The Commission did not, however, pre-empt state regulation of billing and collection services. *See* Detariffing of Billing and Collection Services, CC Docket No. 85-88, 102 FCC 2d 1150 (1986) (*Billing and Collection Detariffing Order*); *recon. denied*, 1 FCC Rcd 445 (1986). The Commission later decided to treat billing and collection costs as regulated for accounting purposes because it found that such treatment was less likely to misallocate these costs between the interstate and intrastate jurisdictions. Separation of Costs of Regulated Telephone Service from Costs of Nonregulated Activities, Report and Order, CC Docket No. 86-111, 2 FCC Rcd 1298, 1309 (1987) (*Joint Cost Order*).

[605] These three largest categories, or the "Big Three Expenses," are the combined expense groups comprising: (1) Plant Specific Operations Expense, Accounts 6110, 6120, 6210, 6220, 6230, 6310, and 6410; (2) Plant Nonspecific Operations Expenses, Accounts 6510, 6530, and 6540; and (3) Customer Operations Expenses, Accounts 6610 and 6620. 47 C.F.R. § 69.2(e). The "Big Three Expense Factors" are the ratios of the sum of Big Three Expenses apportioned to each element or category to the combined Big Three Expenses. 47 C.F.R. § 69.2(f).

which is a nonregulated, interstate service. AT&T estimates that $124 million of expenses recovered in interstate access support the nonregulated billing and collection category.[606] Of the $124 million, AT&T states that $60.1 million is included in interstate switched access, and $20.5 million is in interstate special access, with the remainder recovered by the SLC.[607]

2. Proposal

412. The failure of Part 69 to assign general purpose computer costs to the billing and collection category can be traced to our decision in the *Part 69 Conformance Order* to use an investment-based allocator to apportion general support facilities (GSF) investment.[608] As discussed in Section IV.D above, Section 69.307 of the Commission's rules apportions GSF investment among the billing and collection category, the interexchange category, and the access elements based on the amount of Central Office Equipment (COE), Cable and Wire Facilities (CWF), and Information Origination/Termination Equipment (IO/T) investment allocated to each Part 69 category.[609] This rule appears on its face to provide for an allocation of GSF investment to billing and collection. Because no COE, CWF, or IO/T investment is allocated to the billing and collection category, however, no GSF investment, and thus no portion of general purpose computer investment, is allocated to the billing and collection category. Similarly, because expenses related to GSF investment are allocated in the same manner as GSF investment, no GSF expenses (including expenses related to general purpose computers) are allocated to billing and collection. Price cap LECs' costs allocated to the interstate billing and collection category are estimated to be approximately $480 million.[610]

413. As discussed in Section V of the *Access Reform Order*, we limit the scope of access reform, with some limited exceptions, to price cap incumbent LECs. Consistent with our approach to reform the interstate access charge regime, we tentatively conclude that our proposed changes to the allocation of GSF investment will apply only to price cap LECs. We will address the misallocation of rate-of-return LECs' interstate costs between regulated interstate services and nonregulated billing and collection activities in our separate access reform proceeding for rate-of-return carriers in 1997, which will provide us with the opportunity to conduct a comprehensive review of the circumstances unique to these carriers. We seek comment on this tentative conclusion regarding the scope of this proceeding.

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[606] AT&T Comments at 67-68, Appendix E at 2.

[607] AT&T Comments Appendix E at 2.

[608] *Part 69 Conformance Order*, 2 FCC Rcd at 6452.

[609] 47 C.F.R. § 69.307(c).

[610] 1996 ARMIS Access Report.

414. To the extent that incumbent LECs' costs are underallocated to the billing and collection category, incumbent LECs' regulated services are recovering through interstate access charges costs associated with unregulated services. We therefore tentatively conclude that price cap incumbent LECs' general purpose computer costs attributable to billing and collection should not be recovered through regulated access charges. We seek comment on two options for reassigning these costs to the billing and collection category.

415. Under the first option, a price cap LEC would study the uses of the general purpose computer assets recorded in Account 2124 to determine the percentage of investment in that account that is used for billing and collection activities.[611] That percentage, multiplied by the ratio of the dollar amount in Account 2124 to the dollar amount in Account 2110,[612] which accumulates the total GSF investment, would be applied to the interstate portion of Account 2110 to determine a dollar amount that represents general purpose computer assets used for interstate billing and collection activities. The dollar amount so identified would be attributed directly to the billing and collection category. The remainder of the interstate portion of Account 2110 shall be apportioned among the access elements and the interexchange category using the current investment allocator. General purpose computer expenses recorded in Account 6124 would be treated in a similar fashion to Account 2124.[613] The interstate portion of Account 6124 would be allocated between (a) the billing and collection category and (b) all other elements and categories using the percentage derived for Account 2124. The remainder of Account 6120 (GSF expense) would be apportioned based on current GSF allocators.[614] Appropriate downward exogenous cost adjustments would be made to all price cap baskets.

416. Two objections are commonly raised to the use of special studies to make regulatory cost allocations. First, such studies are said to be costly. We recognize that there are costs attached to a special study approach. We note, however, that price cap LECs may already be required to study the use of computer investment in Account 2124 as part of the process of allocating that investment between regulated and nonregulated activities pursuant to the Part 64 joint cost rules. Second, it may be claimed that permitting price cap LECs to use special studies gives them too much discretion and that regulators are unable to ascertain the validity of the studies. To remedy this concern, we propose that each price cap LEC add to its cost allocation manual (CAM) a new section entitled "Interstate Billing and Collection." That section would describe: (1) the manner in which the price cap LEC provides interstate

[611] Investment in general purpose computer equipment is recorded in Account 2124. *See* 47 C.F.R. § 32.2124.

[612] Investment in land and support assets is recorded in Account 2110. *See* 47 C.F.R. § 32.2110.

[613] General purpose computers expenses are recorded in Account 6124. *See* 47 C.F.R. § 32.6124.

[614] General support expenses are recorded in Account 6120. *See* 47 C.F.R. § 32.6120.

billing and collection services, and (2) the study it uses to determine the portion of Account 2124 investment that it attributes to the billing and collection category. The special study would then be subject to the same independent audit requirements as other regulated and nonregulated cost allocations. In addition, to obtain an independent certification of the validity of the procedures adopted by the price cap LEC, we would instruct the independent auditors to examine the design and execution of the study during the first independent audit following the addition of the billing and collection section to the CAM and to report their conclusions on the validity of the study.

417. Under the second option, we would modify Section 69.307 of our rules to require use of a general expense allocator to allocate the interstate portion of Account 2110 between: (1) the billing and collection category, and (2) all other elements and categories. We propose to use the "Big Three Expense" allocator used elsewhere in Part 69,[615] excluding, however, any account or portion of an account that is itself apportioned based on the apportionment of GSF to avoid circularity. The GSF investment not allocated to the billing and collection category would then be apportioned among the access elements and the interexchange category using the current investment allocator. This would ensure that GSF costs are allocated among all access categories, including the billing and collection category. The interstate portion of Account 6120 would be apportioned among all elements and categories based on the overall apportionment of GSF investment. This option covers only price cap incumbent LECs that provide interstate billing and collection using regulated assets. Carriers that acquire billing and collection services from unregulated affiliates through affiliate transactions or from third parties would continue recording their expenses for acquiring such services in Account 6623,[616] which is already apportioned to the billing and collection category.

418. We invite parties to comment on the feasibility of these two options and propose alternative methods for reassigning general purpose computer costs to the billing and collection category. Parties should also address the extent to which either option affects large and small LECs differently and how small business entities, including small incumbent LECs and new entrants, will be affected.[617] We invite parties to identify any changes that should be made to other access elements as a result of any changes we may make to the GSF allocation procedures.

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[615] *See* 47 C.F.R. § 69.2(f).

[616] *See* 47 C.F.R. § 32.6623.

[617] *See* Regulatory Flexibility Act, 5 U.S.C. §§ 601 *et seq.*

VIII. FINAL REGULATORY FLEXIBILITY ANALYSIS

419. As required by the Regulatory Flexibility Act (RFA),[618] an Initial Regulatory Flexibility Analysis (IRFA) was incorporated in the NPRM in this proceeding.[619] The Commission sought written public comments on the proposals in the NPRM, including the IRFA. The Commission's Final Regulatory Flexibility Analysis (FRFA) in this Order (the First Report and Order in this Access Charge Reform proceeding) conforms to the RFA, as amended.[620] We provide this summary analysis to provide context for our analysis in this FRFA. To the extent that any statement contained in this FRFA is perceived as creating ambiguity with respect to our rules or statements made in preceding sections of this Order, the rules and statements set forth in those preceding sections shall be controlling.

A. Need for and Objectives of this First Report and Order

420. The Telecommunications Act of 1996 requires incumbent LECs to offer interconnection and unbundled elements on an unbundled basis, and imposes a duty to establish reciprocal compensation arrangements for the transport and termination of calls. The Commission's access charge rules were adopted at a time when interstate access and local exchange services were offered on a monopoly basis, and in many cases are inconsistent with the competitive market envisioned by the 1996 Act. This proceeding is being conducted to revise the Commission's access charge rules to make them consistent with the Telecommunications Act of 1996.

B. Summary of Significant Issues Raised by the Public Comments in Response to the IRFA

421. Only one party, Rural Tel. Coalition, commented on the IRFA contained in the NPRM. Rural Tel. Coalition disagrees with our conclusion that rules applying only to price cap LECs will not affect non-price cap LECs in a way that requires analysis under the RFA. According to Rural Tel. Coalition, the decisions made in this Order will "prejudge and prejudice" a later rulemaking addressing access charge reform for non-price cap LECs.[621] In addition, Rural Tel. Coalition argues that non-price cap LECs, which include small incumbent LECs, will be injured if the access reform issues addressed in this Order are not implemented

[618] *See* 5 U.S.C. § 603.

[619] NPRM at ¶¶ 321-37.

[620] *See* 5 U.S.C. § 604. The Regulatory Flexibility Act, 5 U.S.C. § 601 *et. seq.*, was amended by the "Small Business Regulatory Enforcement Fairness Act of 1996" (SBREFA), which was enacted as Title II of the Contract With America Advancement Act of 1996, Pub.L. No. 104-121, 110 Stat. 847 (1996) (CWAAA).

[621] Rural Tel. Coalition Comments at 4, 32.

for them as well as price-cap LECs. Finally, Rural Tel. Coalition argues that the Commission impermissibly determined that small incumbent LECs are not small businesses within the meaning of the RFA.[622]

422. Rather than attempt to enact "one size fits all" access charge reform that would risk not fully accounting for the special circumstances of rate-of-return and other non-price cap LECs, we have chosen to address those LECs separately in a proceeding in which we may better focus on their needs. We do not agree with Rural Tel. Coalition that our decisions in this Order will "prejudge and prejudice" our consideration of the issues in a subsequent rulemaking. Although we may often find that the public interest concerns are similar for large and small carriers, our analysis will begin anew, and will address all relevant factors. Moreover, where the special circumstances faced by small incumbent LECs justify different treatment than is accorded price cap LECs in this Order, we will be better able to explain and address those concerns in a separate proceeding. For the reasons set forth in Section V above, we also disagree with Rural Tel. Coalition that small incumbent LECs may be injured by the delay involved in conducting separate rulemakings. Finally, although we are not persuaded on the basis of this record that our prior practice of finding incumbent LECs not subject to regulatory flexibility analysis (because they are not small businesses) has been incorrect,[623] we have fully performed an RFA analysis for small incumbent LECs in this Order, including consideration of any adverse impact of the rules we adopt and consideration of alternatives that may reduce adverse impacts on such entities.

C. Description and Estimate of the Number of Small Entities To Which the Rules Will Apply:

423. The RFA generally defines "small entity " as having the same meaning as the terms "small business," "small organization," and "small governmental jurisdiction."[624] In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act unless the Commission has developed one or more definitions that are appropriate for its activities.[625] A small business concern is one which: (1) is

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[622] *Id.* at 32-35.

[623] *See Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, First Report and Order, 11 FCC Rcd 15499 ¶¶ 1328-30 (1996) (*Local Competition Order*), *motion for stay denied, Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, Order, 11 FCC Rcd 11754 (1996), *partial stay granted, Iowa Utilities Board v. FCC*, No. 96-3321, 1996 WL 589204 (8th Cir. 1996).

[624] 5 U.S.C. § 601(6).

[625] 5 U.S.C. § 601(3) (incorporating by reference the definition of "small business concern" in 15 U.S.C. § 632).

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).[626]

424. Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies "unless an agency after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register." SBA has developed a definition of small business for Standard Industrial Classification (SIC) category 4813 (Telephone Communications, Except Radiotelephone). We first discuss the number of small businesses falling within this category, and then we attempt to refine further our estimate to correspond with the categories of telephone companies that are commonly used under our rules.

425. Consistent with our prior practice, our use of the terms "small entities" and "small businesses" does not encompass "small incumbent LECs." We use the term "small incumbent LECs" to refer to any incumbent LECs that arguably might be defined by SBA as "small business concerns."[627] Because the small incumbent LECs subject to these rules are either dominant in their field of operations or are not independently owned and operated, they are, consistent with our prior practice, excluded from the definition of "small entity" and "small business concerns."[628] Out of an abundance of caution, however, for regulatory flexibility analysis purposes, we will consider small incumbent LECs within this analysis and use the term "small incumbent LECs" to refer to any incumbent LECs that arguably might be defined by the SBA as "small business concerns."[629]

1. Telephone Companies, Except Radiotelephone Companies (SIC 4813)

426. *Total Number of Telephone Companies Affected.* The United States Bureau of the Census ("the Census Bureau") reports that, at the end of 1992, there were 3,497 firms engaged in providing telephone services, as defined therein, for at least one year.[630] This number contains a variety of different categories of carriers, including local exchange carriers, interexchange carriers, competitive access providers, cellular carriers, mobile service carriers,

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[626] Small Business Act, 15 U.S.C. § 632 (1996).

[627] *See* 13 C.F.R. § 121.210 (SIC 4813).

[628] *See Local Competition Order*, 11 FCC Rcd at 15499 ¶¶ 1328-30, 1342.

[629] *Id.*

[630] United States Department of Commerce, Bureau of the Census, *1992 Census of Transportation, Communications, and Utilities: Establishment and Firm Size*, at Firm Size 1-123 (1995) (*1992 Census*).

operator service providers, pay telephone operators, personal communications services providers, covered specialized mobile radio providers, and resellers. It seems certain that some of those 3,497 telephone service firms may not qualify as small entities or small incumbent LECs because they are not "independently owned and operated."[631] For example, a PCS provider that is affiliated with an interexchange carrier having more than 1,500 employees would not meet the definition of a small business. It seems reasonable to conclude that fewer than 3,497 telephone service firms are small entity telephone service firms or small incumbent local exchange carriers.

427. According to the *Telecommunications Industry Revenue: Telecommunications Relay Service Fund Worksheet Data (TRS Worksheet)*, there are 2,847 interstate carriers. These carriers include, *inter alia*, local exchange carriers, wireline carriers and service providers, interexchange carriers, competitive access providers, operator service providers, pay telephone operators, providers of telephone toll service, providers of telephone exchange service, and resellers.

428. *Wireline Carriers and Service Providers*. The SBA has developed a definition of small entities for telephone communications companies other than radiotelephone (wireless) companies. According to the SBA's definition, a small business telephone company other than a radiotelephone company is one employing no more than 1,500 persons.[632] The Census Bureau reports that, there were 2,321 such telephone companies in operation for at least one year at the end of 1992.[633] All but 26 of the 2,321 non-radiotelephone companies listed by the Census Bureau were reported to have fewer than 1,000 employees. Thus, even if all 26 of those companies had more than 1,500 employees, there would still be 2,295 non-radiotelephone companies that might qualify as small entities or small incumbent LECs. We do not have information on the number of carriers that are not independently owned and operated, and thus are unable at this time to estimate with greater precision the number of wireline carriers and service providers that would qualify as small business concerns under the SBA's definition. Consequently, we estimate that there are fewer than 2,295 small telephone communications companies other than radiotelephone companies.

429. *Incumbent Local Exchange Carriers*. Neither the Commission nor the SBA has developed a definition for small incumbent providers of local exchange services (LECs). The closest applicable definition under the SBA rules is for telephone communications companies

[631] 15 U.S.C. § 632(a)(1).

[632] 13 CFR § 121.201, SIC Code 4812.

[633] *1992 Census*, *supra*, at Firm Size 1-123.

other than radiotelephone (wireless) companies.[634] The most reliable source of information regarding the number of LECs nationwide is the data that we collect annually in connection with the *TRS Worksheet*. According to our most recent data, 1,347 companies reported that they were engaged in the provision of local exchange services.[635] We do not have information on the number of carriers that are not independently owned and operated, nor what carriers have more than 1,500 employees, and thus are unable at this time to estimate with greater precision the number of incumbent LECs that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 1,347 small incumbent LECs.

2. Information Service Providers and Competitive LECs Are Not Affected

430. In Section VIII.B of the NPRM, we sought comment on whether to continue to exempt enhanced service providers (which we now refer to as information service providers, or ISPs) from any requirement to pay access charges. Because we decide to retain the ISP exemption, and do not permit LECs to impose access charges on ISPs at this time, we conclude that the RFA does not require us to consider the effects of any proposed rules on ISPs that fall within the definition of a small entity. Instead, as set forth in Section VI.B above, we find that the proceeding commenced with the Notice of Inquiry issued contemporaneously with the NPRM is the appropriate forum to address the fundamental questions about ISP usage of the public switched network.[636] Similarly, we sought comment in Section VIII.A of the NPRM on whether the public interest would be served by regulating interstate terminating access services offered by competitive (non-incumbent) LECs. Because we conclude that the public interest would not be served by imposing any regulations on competitive LECs' interstate terminating access offerings at this time, we conclude that the RFA does not require us to consider the effects of any proposed rules on competitive LECs that fall within the definition of a small entity.

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[634] 13 CFR § 121.201, SIC Code 4813.

[635] Federal Communications Commission, CCB, Industry Analysis Division, *Telecommunications Industry Revenue: TRS Fund Worksheet Data*, Tbl. 1 (Average Total Telecommunications Revenue Reported by Class of Carrier) (December 1996) (*TRS Worksheet*).

[636] *See In the Matter of* Usage of the Public Switched Network by Information Service and Internet Access Providers, Notice of Inquiry, CC Docket No. 96-263, __ FCC Rcd _____ (1996), __ Fed. Reg. _____ (Released December 24, 1996) (NOI). In the NOI, we sought comment on broader issues concerning the development of information services and Internet access. The information provided will give us the data we need to make further reasonable and informed decisions regarding Internet access and other information services, and, if necessary, to craft proposals for a subsequent Notice of Proposed Rulemaking that are sensitive to the complex economic, technical, and legal questions raised in this area.

D. Summary Analysis of the Projected Reporting, Recordkeeping, and Other Compliance Requirements

431. In Section V.A above, we adopt changes to transport interconnection charge (TIC) rate structures and transport rate structures to comply with the court order in *CompTel v. FCC*.[637] These changes will affect all incumbent LECs, including small incumbent LECs, and will require small incumbent LECs to make one or more tariff filings reflecting the new rate structures, which will involve the use of legal skills, and possibly accounting, economic, and financial skills.

432. As set forth in Section VI.D above, incumbent LECs, including small incumbent LECs, must reduce their interstate access charges to reflect the elimination of those former universal service obligations that are being replaced with new universal service obligations, increase their interstate access charges to reflect their new universal service obligations, and, to the extent necessary, adjust their interstate access charges to account for any additional universal service funds received under the modified universal service mechanisms. This will require small incumbent LECs to make one or more tariff filings, which will involve the use of legal skills.

E. Burdens on Small Entities, and Significant Alternatives Considered and Rejected

433. *Sections III.C-D: Transport/TIC Rate Structure Changes.* As set forth in Sections III.C-D above, we adopt a new tandem-switched transport rate structure and rate levels that replace the interim rate structure in place prior to today. In addition, we adjust the TIC to reflect the changes made by the new tandem-switched transport rate structure and rate levels. Unlike before, we adopt for the first time a final, cost-based rate structure, which should reduce and minimize uncertainty for those small businesses and small incumbent LECs whose businesses involve these services. Moreover, the new rate structure and rate levels are more closely related to the costs of providing the underlying services, which should minimize the economic impact of these rules on small businesses and small incumbent LECs by minimizing the adverse impacts that can accompany non-cost based regulation.[638]

434. We also adopt a transition plan that will have the effect of giving small businesses and small incumbent LECs the opportunity to plan, adjust, and develop their networks with a minimum of disruption for them and their customers. Finally, as set forth in Section III.C-D above, we find that the reallocation of TIC costs and the new recovery procedures will facilitate the development of competitive markets. This is because incumbent

[637] *CompTel v. FCC*, 87 F.3d 522 (D.C.Cir. 1996).

[638] *See* Section III.C.2.b *supra*.

LEC rates will move toward cost-based levels and incumbent LECs will no longer have the ability to assess TICs on switched access minutes that do not use their transport facilities. These pricing revisions may create new opportunities for small entities, including small business and small incumbent LECs wishing to enter local telecommunications markets.

435. *Section V: Access Reform for Incumbent Rate-of-Return Local Exchange Carriers.* Our decision to limit access charge reform, with certain specified exceptions, to price cap LECs, which do not include small businesses or small incumbent LECs, should mitigate the potential that access charge reform could have a significant economic impact on any small incumbent LECs. This is because the Commission will address in a separate proceeding the common set of complex issues faced by non-price cap LECs, which are different than those faced by price cap LECs. Moreover, as discussed above in Section V, we find that small incumbent LECs are unlikely to face imminent harm as a result of the continued application of our current access charge rules because all non-price cap incumbent LECs may be exempt from, or eligible for a modification or suspension of, the interconnection and unbundling requirements of the 1996 Act.

436. *Section VI.A: Applicability of Part 69 to Unbundled Elements.* As a result of the exclusion of unbundled elements from Part 69 access charges, described in Section VI.A above, incumbent LECs, including small incumbent LECs, may receive reduced overall levels of interstate access charges as competitors enter local markets using unbundled network elements. They will, however, receive payment for those unbundled network elements pursuant to interconnection agreements under Section 251 of the Act. Moreover, to the extent that small incumbent LECs receive universal service support through interstate access charges, such funding will continue to be received without regard to any loss of revenue from interstate access charges. This is because all universal service support received by small incumbent LECs will be received from the new Universal Service Fund, established in a separate order released today. Finally, we note that section 251 of the Act contains provisions expressly designed to take into account the special circumstances of small incumbent LECs, including those that qualify as rural LECs, with respect to interconnection obligations.

437. Our decisions in Section VI.A above to exclude unbundled elements from the application of Part 69 access charges is likely to facilitate the development of competitive markets. This is because prices for unbundled elements will reflect the costs of those elements, and will not impose on competitors additional charges unrelated to the costs of elements being purchased. Accordingly, as set forth in Section VI.A above, competitors using unbundled elements will contribute to universal service on an equitable and non-discriminatory basis instead of paying implicit subsidies to incumbent LECs (whether in addition to, or in place of, explicit universal service mechanisms). These decisions may create new opportunities for small entities, including small businesses and small incumbent LECs, wishing to enter local telecommunications markets.

438. *Section VI.C: Terminating Access Services Offered by Non-Incumbent LECs.* As set forth in Section VI.C above, we find that treating new entrants as dominant carriers subject to regulation of their terminating access services until we find otherwise would impose unnecessary regulation, including potentially increased regulatory burdens on small businesses. Instead of imposing such burdens, we find that the imposition of regulatory requirements with respect to competitive LEC terminating access is unnecessary in the absence of some stronger record evidence that competitive LECs have in the past charged unreasonable terminating access rates, or are likely to do so in the future. If there is sufficient indication that competitive LECs are imposing unreasonable terminating access charges, we will revisit this issue.

439. *Section VI.D: Universal Service Related Part 69 Changes.* As set forth in Section VI.D.2.a above, we require that LECs that contribute to the Long Term Support (LTS) program and LECs that receive LTS payments revise their tariffs to reflect the fact that the LTS program is being replaced with explicit support from the new Universal Service Fund implemented pursuant to the *Universal Service Order* adopted today. This will require small incumbent LECs to make one or more tariff filings. The new Universal Service Fund will facilitate the transition to competitive markets while maintaining specific, predictable and sufficient support for universal service as required under section 254 of the Act. Accordingly, the required changes in LECs' tariff filings, including those in tariffs filed by small incumbent LECs, are part of an overall mechanism designed to minimize the economic impact of the 1996 Act on small businesses and small incumbent LECs. The other universal service related changes that we adopt in this Order affect only price-cap LECs, which do not include any small businesses or small incumbent LECs.

F. Report to Congress

440. The Commission shall include a copy of this FRFA, along with this Order, in a report to be sent to Congress pursuant to SBREFA.[639] A copy of this FRFA (or a summary thereof) will also be published in the Federal Register.

IX. PROCEDURAL ISSUES

[639] 5 U.S.C. § 801(a)(1)(A).

A. Paperwork Reduction Act

441. On April 1, 1997, the Office of Management and Budget (OMB) approved all of our proposed information collection requirements in accordance with the Paperwork Reduction Act.[640] The OMB made one recommendation, suggesting that we try "to minimize the number of new filings that firms must create in order to be compliant with the rules adopted . . . allowing firms to use many of the filings they must create in order to demonstrate that they meet the Telecommunications Act of 1996 requirements for provision of inter-LATA services within their operating regions." The recommendation of OMB primarily affects proposals that were not adopted in this Order, but will be the subject of a future Report and Order. At that time, the Commission will consider carefully whether the number of required new filings can be minimized by relying to the greatest extent possible on those filings referenced by OMB in its approval. Furthermore, in this Order, although we have made certain adjustments, we have minimized the paperwork burden where possible. For example, the first inflation adjustment will be done in January 1, 1999, but the next one will not be done until July 1, 2000. This schedule will minimize the number of filings and paperwork burden associated with necessary adjustments for inflation.

442. In the course of preparing this Order, we have decided to modify several of the information collection requirements proposed in the NPRM. For example, price cap local exchange carriers must make a downward exogenous adjustment to the price cap index for the common line basket to account fully for the elimination of their LTS obligations by December 16, 1997 to be effective January 1, 1998.[641] We conclude that these modifications constitute a new "collection of information," within the meaning of the Paperwork Reduction Act of 1995, 44 U.S.C. §§ 3501-3520. These modifications are subject to OMB review and the Commission has requested emergency approval of these modifications to ensure that the requirements may be effective on June 16, 1997. In addition, we will seek final OMB approval for these modifications.

443. The Further Notice of Proposed Rulemaking contains either a proposed or modified information collection. As part of its continuing effort to reduce paperwork burdens, we invite the general public and the OMB to take this opportunity to comment on the information collections contained in the Further Notice of Proposed Rulemaking, as required by the Paperwork Reduction Act of 1995, 44 U.S.C. §§ 3501-3520. Public and agency comments are due at the same time as other comments on the Further Notice of Proposed Rulemaking; OMB comments are due 60 days from date of publication of the Further Notice of Proposed Rulemaking in the Federal Register. Comments should address: (a) whether the proposed collection of information is necessary for the proper performance of

[640] *Notice of Office Management and Budget Action*, OMB No 3060-0760 (Apr. 1, 1997).

[641] *See* Section VI.D., *supra*.

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.

B. Initial Regulatory Flexibility Act Analysis

444. Pursuant to the Regulatory Flexibility Act (RFA),[642] the Commission has prepared the following initial regulatory flexibility analysis (IRFA) of the expected impact on small entities of the policies and rules proposed in the Further Notice of Proposed Rulemaking (Further Notice). Written public comments are requested on the IRFA. These comments must be filed in accordance with the same filing deadlines as comments on the rest of the Further Notice, but they must have a separate and distinct heading designating them as responses to the regulatory flexibility analysis. The Secretary shall cause a copy of the Further Notice, including the initial regulatory flexibility analysis, to be sent to the Chief Counsel for Advocacy of the Small Business Administration in accordance with Section 603(a) of the RFA.[643]

445. Reason for action. The Commission has revised its interstate access charge rules to make them consistent with the Telecommunications Act of 1996. As discussed in Section VII.A of the Further Notice, multi-line business customers will pay a higher subscriber line charge as a result of access charge reform, while special access customers do not pay such a charge. In addition, as the PICCs are phased in IXCs will be required to pay a substantially higher PICC for a multi-line business end user compared to the PICC paid for a primary residential end user or single-line business end user. An IXC serving multi-line business customers through special access can avoid paying the PICCs. As discussed in Section VII.B, the current allocation of general support facilities expenses enables incumbent LECs to recover through regulated interstate access charges costs caused by the LECs' nonregulated billing and collection functions.

446. Objectives. In Section VII.A, by proposing to allow LECs to impose a subscriber line charge on special access customers, we seek to prevent a decrease in projected revenue from multi-line subscriber line charges and PICCs caused by the migration of certain multi-line business customers from the public switched network to special access. In Section VII.B, we seek to revise the Commission's current allocation of price cap LECs' interstate costs between regulated interstate access services and nonregulated billing and collection activities to move interstate access rates closer to cost, consistent with the 1996 Act's new competitive paradigm.

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[642] 47 U.S.C. § 603. The RFA, *see* 5 U.S.C. § 601 *et seq.*, has been amended by the Contract With America Advancement Act of 1996, Pub. L. No. 104-21, 110 Stat. 847 (1996) (CWAAA). Title II of the CWAAA is the "Small Business Regulatory Enforcement Fairness Act of 1996" (SBREFA).

[643] 47 U.S.C. § 603(a).

447. Legal Basis. The proposed action is supported by Sections 4(i), 4(j), 201-205, 208, 251, 252, 253, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 201-205, 208, 251, 252, 253, 403.

448. Description, potential impact and number of small entities affected. For purposes of this Further Notice, the Regulatory Flexibility Act defines a "small business" to be the same as a "small business concern" under the Small Business Act (SBA), 15 U.S.C. § 632, unless the Commission has developed one or more definitions that are appropriate to its activities.[644] Under the SBA, a "small business concern" is one that: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) meets any additional criteria established by the SBA.[645] The Small Business Administration has defined a small business for Standard Industrial Classification (SIC) category 4813 (Telephone Communications, Except Radiotelephone) to be a small entity that has no more than 1500 employees.[646]

449. *Total Number of Telephone Companies Affected.* The proposals in Sections VII.A and VII.B of this Further Notice, if adopted, would affect all LECs that are regulated by the Commission's price cap rules. Currently, 13 incumbent LECs are subject to price cap regulation. We tentatively conclude that all price cap carriers have more than 1500 employees and, therefore, are not small entities.

450. Reporting, record keeping and other compliance requirements. It is not clear whether, on balance, all proposals in this Further Notice would increase or decrease incumbent LECs' administrative burdens.

451. We believe that the reforms proposed in Section VII.A of this Further Notice would require price cap LECs (not small entities) to make at least one tariff filing, and possibly several additional filings, but otherwise should not affect their administrative burdens. The reforms proposed in Section VII.B of the Further Notice may require price cap LECs (not small entities) to study the uses of the general purpose computer assets recorded in Account 2124 to determine the percentage of investment in that account that is used for billing and collection activities, but otherwise should not affect their administrative burdens.

452. Federal rules which overlap, duplicate or conflict with this proposal. None.

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[644] *See* 5 U.S.C. § 601(3) (incorporating by reference the definition of "small business concern" in 15 U.S.C. § 632).

[645] 15 U.S.C. § 632. *See, e.g.,* Brown Transport Truckload, Inc., v. Southern Wipers, Inc., 176 B.R. 82 (N.D. Ga. 1994).

[646] 13 C.F.R. § 121.201.

453. Any significant alternatives minimizing impact on small entities and consistent with stated objectives. In Sections VII.A and VII.B of this Further Notice, we limit the scope of our proposals to incumbent price cap LECs, thereby not affecting small entities. We seek comment on these proposals and urge that parties support their comments with specific evidence and analysis.

C. Further Notice of Proposed Rulemaking Comment Filing Dates

454. Pursuant to applicable procedures set forth in Section 1.399 and 1.411 *et seq.* of the Commission's rules, 47 C.F.R. Sections 1.399, 1.411 *et seq.*, interested parties may file comments in response to the Further Notice of Proposed Rulemaking, including comments ont he information collection requirements, no later than June 26, 1997 with the Secretary, Federal Communications Commission, Washington D.C. 20554. Interested parties may file replies no later than July 11, 1997, except that reply comments on the information collection requirements are due no later than July 28, 1997. To file formally in this proceeding, participants must file an original and twelve copies of all comments, reply comments, and supporting comments. If participants want each Commissioner to receive a personal copy of their comments, an original plus 16 copies must be filed. In addition, parties should file two copies of any such pleading with the Competitive Pricing Division, Common Carrier Bureau, Room 518, 1919 M Street, N.W., Washington, D.C. 20554. Comments and reply comments will be available for public inspection during regular business hours in the FCC Reference Center, Room 239, 1919 M Street, N.W., Washington D.C. 20554.

455. Parties submitting diskettes should submit them along with their formal filings to the Office of the Secretary. Submissions should be on a 3.5 inch diskette formatted in an DOS PC compatible form. The document should be saved in WordPerfect 5.1 for Windows format. The diskette should be submitted in "read only" mode. The diskette should be clearly labelled with the party's name, proceeding, type of pleading (comment or reply comment), docket number, and date of submission.

456. You may also file informal comments electronically via e-mail <access@fcc.gov>. Only one copy of electronically-filed comments must be submitted. You must put the docket number of this proceeding in the subject line (see the caption at the beginning of this Notice, or in the body of the text if by Internet). You must note whether an electronic submission is an exact copy of formal comments on the subject line. You also must include your full name and Postal Service mailing address in your submission.

457. Comments and replies must comply with Section 1.49 and all other applicable sections of the Commission's rules. We also direct all interested parties to include the name of the filing party and the date of the filing on each page of their comments and replies. Comments and replies must also clearly identify the specific portion of this Notice of Proposed Rulemaking to which a particular comment or set of comments is responsive. If a

portion of a party's comments does not fall under a particular topic listed in the Table of Contents of this Notice, such comments must be included in a clearly labelled section at the beginning or end of the filing.

458. Written comments by the public on the proposed and/or modified information collections are due July 28, 1997. Written comments must be submitted by the Office of Management and Budget (OMB) on the proposed and/or modified information collections on or before 60 days after date of publication in the Federal Register. 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 234, 1919 M Street, N.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.

X. ORDERING CLAUSES

459. Accordingly, IT IS ORDERED, pursuant to Sections 1-4, 10, 201-205, 251, 254, 303(r), and 410(a) of the Communications Act of 1934, as amended, and Section 601 of the Telecommunications Act of 1996, 47 U.S.C. §§ 151-154, 160, 201-205, 251, 254, 303(r), 410(a), and 601, that the ORDER IS ADOPTED.

460. IT IS FURTHER ORDERED that the provisions in this Order will be effective June 17, 1997. We anticipate this date will be at least thirty days after publication of the rules in the Federal Register. If publication of the rules is delayed, however, we find good cause under 5 U.S.C. § 553(d)(3) to make the rules effective less than thirty days after publication, because the local exchange carriers subject to price cap regulation must file tariffs by June 16, in order for them to be effective on July 1, 1997, as required by Section 69.3 of the Commission's rules, 47 C.F.R. § 69.3. In addition, to ensure that the local exchange carriers subject to price cap regulation have actual notice of these rules immediately following their release, we are serving those entities by overnight mail. The collections of information contained within are contingent upon approval by the Office of Management and Budget.

461. IT IS FURTHER ORDERED that the waiver petitions of Bell Atlantic, Pacific Bell, GTE, Cincinnati Bell, U S West, and BellSouth discussed in Section III.A.5., regarding Section 69.104 as applied to ISDN service ARE DISMISSED.

462. IT IS FURTHER ORDERED that the rulemaking proceeding in CC Docket No. 95-72 IS TERMINATED.

463. IT IS FURTHER ORDERED, pursuant to Sections 1-4, 10, 201-205, 251, 254, 303(r), and 701 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154, 160,

201-205, 251, 254, 303(r), and 601, that NOTICE IS HEREBY GIVEN OF the rulemaking described above and that COMMENT IS SOUGHT on these issues.

FEDERAL COMMUNICATIONS COMMISSION

William F. Caton
Acting Secretary

APPENDIX A

List of Commenters in CC Docket Nos. 96-262, 94-1, 91-213

ACC Long Distance Corp. (ACC Long Distance)
Ad Hoc Telecommunications Users Committee (Ad Hoc)
AirTouch Communications, Inc. (AirTouch)
Alabama Public Service Commission (Alabama Commission)
Alaska Telephone Association
Aliant Communications Co., formerly Lincoln Telephone (Aliant)
Allied Communications Group, Inc. (Allied)
Alliance for Public Technology
ALLTEL Telephone Services Corporation (ALLTEL)
American Association for Adult and Continuing Education, *et al.*
American Assocation for Retired Persons, *et al.* (AARP, *et al.*)
America On-Line, Inc. (America On-Line)
American Library Association
American Petroleum Institute (API)
America's Carriers Telecommunication Association (ACTA)
Ameritech
Association for Local Telecommunications Services (ALTS)
AT&T Corp. (AT&T)
Bankers Clearing House, *et al.*
Bell Atlantic Telephone Companies and NYNEX (BA/NYNEX)
BellSouth Corporation, BellSouth Telecommunications, Inc. (BellSouth)
Cable & Wireless, Inc. (Cable & Wireless)
[People of the State of] California and the Public Utility Commission of the State of California (California Commission)
California Cable Television Association
Cathey, Hutton and Associates
Centennial Cellular Corporation
Cincinnati Bell Telephone Company (Cincinnati Bell)
Citizens for a Sound Economy Foundation (CSE)
Citizens Utilities Company (Citizens Utilities)
Commercial Internet Exchange Association (CIEA)
Communications Workers of America (CWA)
Competition Policy Institute
Competitive Telecommunications Association (CompTel)
CompuServe, Inc. and Prodigy Services Corporation (CompuServe/Prodigy)
Consumer Project on Technology (Consumer Project)
[Public Service Commission of the] District of Columbia (District of Columbia Commission)
Evans Telephone Company, *et al.* (Evans, *et al.*)

Excel Telecommunications, Inc. (Excel)
Florida Public Service Commission (Florida Commission)
Frederick & Warinner, L:L.C. (Frederick & Warinner)
Frontier Corporation (Frontier)
General Communication, Inc. (GCI)
General Services Administration/United States Department of Defense (GSA/DOD)
Gallegos Family Network (Gallegos)
Gray Panthers
GVNW Inc./Management (GVNW)
GTE Service Corporation (GTE)
Harris, Skrivan & Associates, LLC (Harris, Skrivan & Associates)
ICG Telecom Group, Inc. (ICG)
Illinois Commerce Commission (Illinois Commission)
Illuminet
Independent Telephone & Telecommunications Alliance
Information Industry Association
Interactive Services Association
International Communications Association (Intl. Comm. Ass'n)
Internet Access Coalition
ITCs, Inc. (ITC)
IXC Long Distance, Inc.
Kansas Corporation Commission (Kansas Commission)
LCI International Telecom Corp. (LCI)
MCI Telecommunications Corporation (MCI)
Media Access Project, *et al.* (MAP, *et al.*)
Microsoft Corporation (Microsoft)
Minnesota Independent Coalition
Missouri Public Service Commission (Missouri Commission)
National Association of Regulatory Utility Commissioners (NARUC)
National Cable Television Association, Inc. (NCTA)
National Exchange Carrier Association, Inc. (NECA)
New York State Department of Public Service (New York Commission)
Newspaper Association of America
Northern Arkansas Telephone Company
[Commonwealth of] Northern Marianna Islands (Northern Marianna Islands)
[Public Utilities Commission of] Ohio (Ohio Commission)
Ohio Consumers' Counsel
[Public Utility Commission of] Oregon (Oregon Commission)
Ozarks Technical Community College
Pacific Telesis Group (PacTel)
Pennsylvania Internet Service Providers
Personal Communications Industry Association (PCIA)

Puerto Rico Telephone Company (Puerto Rico Tel.)
[Jon] Radoff (Radoff)
Roseville Telephone Company (Roseville Tel.)
Rural Telephone Coalition (Rural Tel. Coalition)
Rural Telephone Finance Cooperative
Rural Utilities Service
SDN Users Association Inc. (SDN Users Association)
Service-oriented Open Network Technologies, Inc. (SONETECH)
South Dakota Public Utilities Commission (South Dakota Commission)
Southern New England Telephone Company (SNET)
Southwestern Bell Telephone Company (SWBT)
Spectranet Interactive, Inc. (Spectranet)
Sprint Corporation (Sprint)
State Consumer Advocates
[John] Staurulakis, Inc. (Staurulakis)
TCA, Inc.-Telecommunications Consultants (TCA)
TDS Telecommunications Corporation (TDS)
Telco Communications Group, Inc. (Telco Communications Group)
Tele-Communications, Inc. (TCI)
Telecommunications Resellers Association (TRA)
Teleport Communications Group Inc. (Teleport)
Tennessee Regulatory Authority (Tennessee Commission)
[Public Utility Commission of] Texas (Texas Commission)
Texas Office of Public Utility Counsel (Texas Public Utility Counsel)
Time Warner Communications Holdings, Inc. (Time Warner)
United States Telephone Association (USTA)
U S West, Inc. (U S West)
Washington Independent Telephone Association (WITA)
Washington Utilities and Transportation Commission (Washington Commission)
Lyman C. Welch
Western Alliance
WinStar Communications, Inc. (WinStar)
WorldCom, Inc. (WorldCom)