

Federal Communications Commission

DA 97-1728

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

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	

ORDER

Adopted: August 14, 1997

Released: August 14, 1997

By the Chief, Common Carrier Bureau:

I. INTRODUCTION

1. On July 9, 1997, the Common Carrier Bureau (Bureau) released a Data Request seeking information from certain non-rural local exchange carriers (LECs) and holding companies of non-rural LECs.¹ The requested information will enable the Commission to evaluate models for estimating the forward-looking economic costs that non-rural LECs incur to provide universal service in rural, insular, and high cost areas (collectively referred to as high cost areas).

2. Several parties have requested extensions of time to respond to the Data Request.² One carrier has requested a partial waiver of the Data Request.³ In this Order, the Bureau grants in part and denies in part the requests for extensions of time to respond to the Data Request and the request for a partial waiver of the Data Request.

¹ Federal-State Joint Board on Universal Service (Joint Board), CC Docket No. 96-45, *Order*, DA 97-1433 (rel. Jul. 9, 1997) (Data Request). The companies subject to the Data Request are GTE, Sprint Corporation (Sprint), Anchorage Telephone Utility (ATU), Puerto Rico Telephone Company (PRTC), and the Regional Holding Companies (RHCs), which include Ameritech, BellSouth, Bell Atlantic, NYNEX, SBC Communications, Inc., and U S WEST.

² Request For Extension of Time to File Data, filed by USTA (Aug. 8, 1997) (USTA Request); Request for Extension of Time, filed by PRTC (Aug. 8, 1997) (PRTC Request); and GTE Request for Extension of Time to File Data, filed by GTE Service Corporation (GTE) (Aug. 12, 1997) (GTE Request).

³ Request for Partial Waiver of Data Submission, filed by ATU (Aug. 8, 1997) (ATU Request).

II. BACKGROUND

3. In the Universal Service Report and Order (Order),⁴ the Commission adopted a plan for establishing universal service support mechanisms for rural, insular, and high cost areas that will replace current implicit federal subsidies with explicit support based on the forward-looking economic cost of providing supported services.⁵ The Commission adopted a forward-looking economic cost methodology that will calculate universal service support for non-rural⁶ LECs based on an estimate of the forward-looking economic costs of providing supported services in high cost areas.⁷ The Commission further decided to use forward-looking economic cost studies conducted by state commissions that choose to submit such cost studies to determine universal service support for those electing states.⁸ If a state elects not to conduct such a study, or if the state does not develop a cost study in accordance with criteria set forth in the Order, the Commission will determine the forward-looking economic cost of providing universal service in that state according to a forward-looking economic cost mechanism adopted by the Commission, with the assistance of the Joint Board.⁹ This forward-looking mechanism will replace current support mechanisms for non-rural LECs on January 1, 1999.¹⁰ The Commission indicated its intention to select the platform design components of its forward-looking mechanism for non-rural LECs by January 1, 1998.¹¹

4. In a Further Notice of Proposed Rulemaking (FNPRM) released on July 19, 1997, the Commission established its plan for refining and selecting the platform¹² design and

⁴ Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Report and Order*, FCC 97-157 (rel. May 8, 1997) (Order).

⁵ Order at paras. 223-31.

⁶ Non-rural LECs are carriers that do not meet the statutory definition of rural a carrier set forth at 47 U.S.C. § 153(37).

⁷ Order at paras. 223-51.

⁸ Order at paras. 248-49.

⁹ Order at paras. 206, 249.

¹⁰ Order at para. 203.

¹¹ Order at para. 245.

¹² In the context of a forward-looking mechanism for calculating universal service costs, "platform" refers to the fixed assumptions and algorithms that are built into the model. In contrast, "inputs" may generally be adjusted by the user. See FNPRM at para. 17.

input variables for its forward-looking economic cost mechanism for high cost support for non-rural LECs.¹³ The FNPRM divided the issues related to developing the cost models into four broad groups, and established a staged approach to address these issues.¹⁴ This schedule is intended to ensure that an acceptable platform can be selected by January 1, 1998.

5. The Bureau released the Data Request on July 9, 1997, stating that the information requested from non-rural LECs is necessary to allow thorough examination of the cost models and adoption of a mechanism for determining support that will send the correct signals for entry, investment, and innovation.¹⁵ The Data Request consists of twenty-one questions regarding the costs and parameters of respondents' telephone networks. Parties were required to submit data into pre-formatted Excel spreadsheets and provide documents and other electronic information to the Commission by August 15, 1997.

6. On August 8, 1997, the United States Telephone Association (USTA), on behalf of the RHCs, GTE, and Sprint, requested that the Commission extend to September 24, 1997, the deadline for responding to questions 3, 5, 6, 7, 8, 9, 11, 14, and 18 of the Data Request.¹⁶ USTA asserts that the personnel required to respond to the Data Request are also involved in filing responses in other Commission proceedings, and that thorough preparation of the requested data requires additional time. USTA also contends that the proposed extension would not unduly impede the Commission's evaluation of the forward-looking economic cost models in light of the deadlines set forth in the FNPRM. On August 8, 1997, PRTC also sought an extension of time for filing responses to questions 1(c), 1(d), 2, 3, 5, 6, 7, 8, 9, 11, 12, 14, and 18 of the Data Request.¹⁷ PRTC states that the extension is necessary because information sought by the Bureau "is not maintained in the form in which the Bureau has requested it or is not available at this time."¹⁸ On August 12, 1997, GTE requested that the Commission extend its deadline for responding to question 12 of the Data Request (digital

¹³ Federal-State Joint Board on Universal Service, Forward-Looking Mechanism for High Cost Support for Non-Rural LECs, CC Docket Nos. 96-45 and 97-160, *Further Notice of Proposed Rulemaking*, FCC 97-256 (rel. Jul. 18, 1997).

¹⁴ See FNPRM at paras. 24-25, App. A.

¹⁵ Data Request at para. 3.

¹⁶ USTA Request at 2.

¹⁷ PRTC Request at 2-3.

¹⁸ PRTC Request at 1.

switches).¹⁹ GTE states that its resources to respond to this question are constrained by other personnel obligations.

7. On August 8, 1997, ATU requested a waiver of its obligation to respond to questions 2, 8, 11(b), and 18 of the Data Request.²⁰ ATU states that it cannot provide the loop-length study called for in question 2 because it has never conducted such a study.²¹ ATU further contends that it would be excessively burdensome for it to respond to questions 8 (structure-sharing percentages), 11(b) (the cost of property disaggregated into installation and material costs) and 18 (the revenues according to class of customer) because it does not currently retain such information. ATU argues that it is significantly smaller than other respondents to the Data Request, and lacks access to the sophisticated data systems and resources that would enable it to gather the information requested in these questions.²²

III. DISCUSSION

A. Extension and Waiver Requests

8. The timely receipt of information sought in the Data Request is essential to the staged-evaluation process established in the FNPRM. The Commission has committed to choosing the fixed algorithms and assumptions of a forward-looking economic cost mechanism by January 1, 1998, in order to adopt a complete mechanism for determining high cost support for non-rural carriers by August 1998.²³ The staged workplan established in the FNPRM was carefully structured to focus the resources of the model proponents, the public, the states, and the Commission staff on specific issues at the same time. It is therefore important that data relating to particular issues be available at the time those issues are being considered in the proceeding.

9. The information sought in the Data Request is relevant to every stage of the

¹⁹ GTE Request.

²⁰ ATU Request at 2-3.

²¹ ATU Request at 2.

²² ATU Request at 1.

²³ Order at para. 245.

process established in the FNPRM.²⁴ We believe that receiving complete responses at one time, in identical spreadsheet formats, would assist us in aggregating and analyzing the data. We recognize, however, that requiring all of the information to be submitted at the initial stage of this proceeding places a burden on respondents. We further find that extending the deadline for filing responses to some of the questions will not impair the Commission's ability to determine the fixed algorithms and assumptions of a forward-looking cost mechanism by January 1, 1998. We therefore extend, for all respondents, the deadline for responding to questions 3, 5, 6, 7, 8, 9, 11, 14, and 18 of the Data Request. We find that extending the time to respond to these questions will significantly reduce the burden on respondents, and will help ensure that responses are accurate and complete. We find, however, that the model development process will benefit significantly if the identified response data is available to the Commission staff and the public in advance of the September 24, 1997 comment deadline on outside plant design issues. We conclude that a four-week extension, until September 12, 1997, will provide the respondents with significant additional time to gather the requested information, and will still allow Commission staff and other interested parties to consider the data in advance of the September 24, 1997 outside plant comment deadline. We find that granting an extension beyond September 12, 1997 might impair the ability of other interested parties to analyze and address the data in comments that are due September 24, 1997.²⁵

10. PRTC also requests an extension to respond to question 1(c) and (d).²⁶ PRTC asserts that the information sought in this question "does not presently exist." We observe, however, that the information sought in question 1 relates to outside plant design issues and, for the reasons discussed above, should be available for the Commission staff and the public to analyze in advance of the September 24, 1997 comment deadline on outside plant design issues. Moreover, PRTC acknowledges that the information can be retrieved from its own records. We find that extending PRTC's deadline for responding to questions 1(c) and (d) until September 12, 1997 strikes an appropriate balance between giving PRTC additional time

²⁴ For example, the current contracts that carriers have with switch manufacturers (question 13 of the Data Request) may assist in determining the appropriate deployment of host and remote switches in a model, an issue that is being considered in the first stage of the FNPRM proceeding. *See* FNPRM at paras. 121-22, App. A. The number of lines served by each digital line carrier device (question 14(b) of the Data Request) may affect the algorithm for estimating line count that will be evaluated during the second stage of the FNPRM proceeding. *See* FNPRM at paras. 48-54, App. A.

²⁵ FNPRM at App. A. While the accessibility of the requested information in PRTC's records may limit, to a greater extent than other respondents, its ability to compile the information, we balance this with our need to receive the information in a timely manner. We expect that this extension will provide PRTC with sufficient time to respond to the specified questions.

²⁶ PRTC Request at 2-3.

it claims to need to respond to this question, and ensuring that interested parties have an adequate opportunity to consider the information before filing comments on September 24, 1997.

11. PRTC states that it can file a partial response to question 2 (loop-length studies), including urban areas only, on August 15, 1997, but that it has never performed loop-length studies for the rural portions of its service area. It therefore requests an extension until November 15, 1997 to file complete loop-length studies. ATU claims never to have performed any loop-length studies and requests a waiver of its response to question 2. Because the largest portion of the cost of the telephone network results from the cost of the loop, loop-length studies are crucial for verifying and refining the models' outside plant design modules. It is particularly important that we receive loop-length data from PRTC and ATU as soon as possible because, as we stated in the Order, future versions of the cost models must compute forward-looking costs for non-rural LECs serving Puerto Rico and Alaska.²⁷ We recognize, however, that loop-length studies can take a significant amount of time to complete. We therefore deny ATU's request to waive its obligation to respond to question 2, but extend to November 15, 1997 the deadline for ATU, and to the extent that PRTC's loop-length study does not include rural areas, for PRTC to file complete loop-length studies.

12. PRTC claims that it does not maintain the data sought in questions 9 (multi-line residential customers) and 18(c) (revenue generated by the purchase of additional lines by multi-line residential customers). Stating that it has not determined how long it needs to compile the information, PRTC does not propose a specific deadline for these questions. As discussed above, we have extended the deadline for all parties to respond to these questions to September 12, 1997. PRTC must therefore provide responses to questions 9 and 8(c) according to this extended deadline. Until PRTC provides information responsive to questions 9 and 18(c), its revenue data will not be in the calculation of the benchmark used to determine high cost support for non-rural LECs.

13. PRTC has offered to submit a partial response to question 12 (costs for digital switches placed in service in 1995 and 1996) on August 15, 1997, but requests an extension until September 24, 1997 to submit a complete response.²⁸ PRTC provides no specific reasons for the need for this request other than its general assertions that the information may

²⁷ The Commission determined in the Order that non-rural carriers serving Puerto Rico and Alaska should move to a forward-looking economic mechanism at the same time as other non-rural carriers. Order at paras. 315, 317.

²⁸ PRTC Request at 3.

"not [be] maintained in the form in which the Bureau has requested it or is not available at this time."²⁹ GTE has requested an extension to August 22, 1997 to respond to question 12, asserting that the large number of switches that GTE has installed during the specified time period results in a volume of data that cannot be organized for submission by the original deadline.³⁰ We observe that the information requested in question 12 relates to the models' switching modules.³¹ Switching issues are being considered in the first stage of this proceeding, which is currently in progress.³² We therefore find that the deadline should not be extended beyond August 22, 1997. Accordingly, both GTE and PRTC shall provide the data requested in question 12 by August 22, 1997.

14. We grant ATU's request to waive its responses to questions 8 (structure-sharing percentages), 11(b) (material and installed costs in detailed continuing property records), and 18 (data relating to residential and business customers). ATU asserts that it does not currently maintain such data, and that it would be unduly burdensome for ATU to respond to these questions. We find that, because ATU is significantly smaller than the other parties to whom the data request is directed, the absence of this data regarding ATU would have a small impact on the overall cost calculations generated by a forward-looking cost methodology. Accordingly, to the extent discussed herein, we grant ATU's request for a partial waiver.

B. Submission of Data After August 15, 1997

15. To facilitate the compilation and review of parties' responses, the Data Request required the submission of most responses in one of three Commission-provided Excel spreadsheet formats.³³ Pursuant to the extended deadlines established in this Order Granting Extension of Time, parties may submit different portions of the requested data at different times. We seek to prevent these extensions from undermining the administrative advantages of receiving all submissions in standardized spreadsheet form. Therefore, parties submitting data after August 15, 1997 are required to resubmit the entire spreadsheet that is affected by the additional data (including the information submitted previously) with the new data added. Parties may *not* alter previously submitted information in subsequent submissions.

²⁹ PRTC Request at 1.

³⁰ GTE Request at 1-2.

³¹ See generally FNPRM at paras. 121-38.

³² FNPRM at App. A.

³³ Data Request at para. 6.

IV. CONCLUSION

16. In this Order, we grant in part and deny in part requests for extensions of the time to respond to the Data Request. We also grant in part and deny in part ATU's request for a partial waiver of the Data Request. We extend the deadlines for responses to certain questions, for certain respondents, and waive ATU's obligation to respond to certain questions, according to the following revised schedule. On or before August 15, 1997, all respondents must respond to questions 1 (except for PRTC regarding 1(c) and 1(d)), 2 (except for PRTC, regarding rural areas, and ATU), 4, 10, 12 (except for GTE and PRTC), 13, 15, 16, 17, 19, 20, and 21. On or before August 22, 1997, GTE and PRTC must respond to question 12. On or before September 12, 1997, all respondents must respond to questions 3, 5, 6, 7, 8 (except ATU), 9, 11, 14, and 18 (except ATU regarding 11(b)). On or before November 15, 1997, PRTC and ATU must submit complete responses to question 2.

V. ORDERING CLAUSES

17. Accordingly, pursuant to Sections 1, 4(i), 5(c), 201, 202, 218-220, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, 202, 218-220, 254, and 403, and Sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, IT IS ORDERED that the United States Telephone Association's Request for Extension of Time to File Data, on behalf of the RHCs, GTE, and Sprint, IS GRANTED to the extent described herein and otherwise IS DENIED.

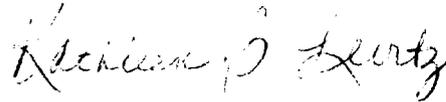
18. IT IS FURTHER ORDERED, pursuant to Sections 1, 4(i), 5(c), 201, 202, 218-220, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, 202, 218-220, 254, and 403, and Sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that Puerto Rico Telephone Company's Request for Extension of Time IS GRANTED to the extent described herein and otherwise IS DENIED.

19. IT IS FURTHER ORDERED, pursuant to Sections 1, 4(i), 5(c), 201, 202, 218-220, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, 202, 218-220, 254, and 403, and Sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that GTE Service Corporation's Request for Extension of Time to File Data IS GRANTED.

20. IT IS FURTHER ORDERED, pursuant to Sections 1, 4(i), 5(c), 201, 202, 218-220, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, 202, 218-220, 254, and 403, and Sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that Anchorage Telephone Utility's

Request for Partial Waiver of Data Submission IS GRANTED to the extent described herein and otherwise IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION



for

Regina M. Keeney
Chief, Common Carrier Bureau