



PUBLIC NOTICE

DOCKET FILE COPY ORIGINAL

Federal Communications Commission
1919 M St., N.W.
Washington, D.C. 20554

News media information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>

DA 97-1870
Released August 28, 1997

WORKSHOPS ON FORWARD-LOOKING COST MECHANISMS FOR UNIVERSAL SERVICE SUPPORT FOR NON-RURAL CARRIERS

September 3 and September 11, 1997

CC Docket Nos. 96-45 and 97-160

In the Universal Service Order released May 8, 1997, the Commission, acting on the recommendation of the Federal-State Joint Board, concluded that universal service support for non-rural carriers should be determined by subtracting a benchmark revenue amount from the forward-looking economic cost of providing the supported services.¹ The Commission concluded that it should continue to review two cost models, the Hatfield Model and the Benchmark Cost Proxy Model (BCPM).² The Commission further concluded that it would select the platform design features³ of a forward-looking economic cost mechanism by December 31, 1997, and select a complete mechanism, including input values, by August 1998.⁴ In a *Further Notice of Proposed Rulemaking (FNPRM)* in this proceeding,⁵ the Commission stated that it would consider a hybrid mechanism, combining the best features of both models, and might also "study alternative algorithms and approaches that could be submitted by parties other than model sponsors or that could be generated internally by Commission staff."⁶

¹ Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Report and Order*, FCC 97-157 (rel. May 8, 1997) (*Order*) at paras. 199-201.

² The proponents of the Hatfield Model are AT&T and MCI. The proponents of BCPM are US West, Sprint, and BellSouth. See *Order* at Appendix J for a description of the Hatfield Model and BCPM.

³ In the context of a forward-looking economic cost mechanism, the "platform" refers to the fixed algorithms and assumptions built into a cost model, as contrasted with user-specified "inputs" into a cost model. See 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) (*FNPRM*) at paras. 17-18.

⁴ *Order* at para. 245.

⁵ 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).

⁶ *FNPRM* at para. 35.

As part of the process of considering mechanisms for computing the forward-looking economic cost of providing the supported services, the Common Carrier Bureau will hold two public workshops to present platform components that are being developed by Commission staff. The Bureau is considering whether these platform components should be incorporated into a forward-looking economic cost mechanism as replacements for the components presently used in the Hatfield Model or BCPM.

The first workshop will present the staff's ideas for an approach to determining customer location. This workshop will be held on Wednesday, September 3, 1997, from 4:00-6:00 pm in the FCC Training Room, 2000 M Street, N.W. (Lobby Level), Room 110, Washington, D.C. 20554. The second workshop will present the staff's ideas for an approach to modeling outside plant investment. This workshop will be held on Thursday, September 11, 1997, from 10:00 am - 12:00 noon in the Commission Meeting Room, 1919 M Street, NW, Room 856, Washington, D.C. 20554. Interested parties may attend the workshops. The workshops also will be recorded on video, and copies of the videotapes will be available in the Commission Reference Room, 1919 M Street, N.W., Room 239, Washington, D.C. 20554.

We solicit comment on the algorithms and approaches presented in the workshops. Pursuant to applicable procedures set forth in sections 1.415 and 1.419 of the Commission's rules, 47 C.F.R. sections 1.415 and 1.419, interested parties may file comments on the September 3 customer location workshop on or before September 10, 1997, and may file comments on the September 10 outside plant workshop on or before September 24, 1997. Parties should reference the above docket numbers and send their comments to the Office of the Secretary, Federal Communications Commission, 1919 M Street, N.W., Room 222, Washington, D.C. 20554. Parties should also send one copy of any documents filed in this docket with the Commission's copy contractor, International Transcription Services, Inc., 1231 20th Street, N.W., Washington, D.C. 20036. Comments and reply comments will be available for public inspection during regular business hours in the FCC Reference Center, 1919 M Street, N.W., Room 239, Washington, D.C. 20554. Parties are also asked to send eight (8) copies of their comments to Sheryl Todd, Universal Service Branch, Common Carrier Bureau, 2100 M Street, N.W., Room 8611, Washington, D.C. 20554.

Parties are also encouraged to submit their comments on diskette. Such diskette submissions are in addition to and not a substitute for the formal filing requirements addressed above. Parties submitting diskettes should submit them to Sheryl Todd of the Common Carrier Bureau, 2100 M Street, N.W., Room 8611, Washington, D.C. 20554. Such a submission should be on a 3.5 inch diskette formatted in an IBM compatible form using WordPerfect 5.1 for Windows or compatible software. 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 on workshop) and date of submission. Each diskette should contain only one party's comments in a single electronic file. The diskette should be accompanied by a cover letter.

For further information about these workshops, contact Chuck Keller, (202) 418-7380, ckeller@fcc.gov.