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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Forward-Looking Mechanism for)	CC Docket No. 97-160
High Support for Non-Rural LECs)	

REPLY COMMENTS OF AMERITECH
REGARDING MISCELLANEOUS ASPECTS OF COST MODEL

Ameritech¹ submits these reply comments on miscellaneous aspects of a potential model for the calculation of forward-looking costs that are supported by the universal service mechanism in states that elect not to submit cost studies.²

The Commission has received a variety of responses on the level of local usage that should be included in the cost of supported services. Some parties such as Ameritech recommend including all local usage as determined to be local by state commissions. Other parties such as GTE and Airtouch argue that the amount of local usage should be very limited, if not excluded altogether.

Ameritech agrees generally with TDS Telecom's assertion that the local usage

¹ Ameritech means: Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell, Inc.

² In the Matter of Federal-State Joint Board on Universal Service, Forward-Looking Mechanism for High Cost Support for Non-Rural LECs, CC Docket Nos. 96-45, 97-160, Further Notice of Proposed Rulemaking, FCC 97-256 (released July 18, 1997) ("FNPRM").

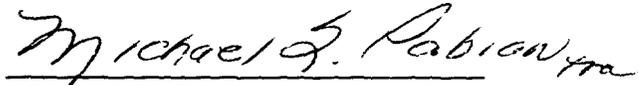
issue “opens a Pandora’s box of troubling issues that the Commission must tackle and resolve in order to meet the statutory universal service requirements and its own ‘competitively neutral’ standards.”

First, GTE is correct in asserting the practical problems surrounding the identification of local usage costs by geographic areas such as wire centers using specific customer calling patterns. Certainly, local calling areas vary significantly within and across states. Ameritech is unaware of a reasonable way to reflect such costs without using company-specific models and inputs. However, usage costs are not currently the significant part of the cost for supported services. Consequently, Ameritech recommends that the Commission adopt company-specific local usage levels for individual states. Hence, an average amount of usage per line could be included in the development of the costs of supported services. While not completely mitigating the need for geographic specificity, it would be a reasonable step at this time, rather than discarding a necessary component of universal service.

Second, some parties have questioned the concept of supporting usage. However, the Commission has correctly distinguished between identifying the cost of supported services and the funding mechanism that will use that information. The costs are the costs. The facts that not all lines or services are eligible for funding and that funding certain services might violate the

“competitively neutral” standard are more appropriately considered when examining the funding mechanism for universal service rather than treated as a constraint on identifying the costs of supported services.

Respectfully submitted,



Michael S. Pabian
Counsel for Ameritech
Room 4H82
2000 West Ameritech Center Drive
Hoffman Estates, IL 60196-1025
(847) 248-6044

Regulatory Specialists

Kent A. Currie
Milan V. Holy

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[MSP0080.doc]

CERTIFICATE OF SERVICE

I, Todd H. Bond, do hereby certify that a copy of the foregoing Reply Comments of Ameritech Regarding Miscellaneous Aspects of Cost Model has been served on the parties listed on the attached service list, via first class mail, postage prepaid, on this 27th day of October, 1997.

By: Todd H. Bond
Todd H. Bond

ANNE U MAC CLINTOCK
VICE PRESIDENT
REGULATORY AFFAIRS & PUBLIC POLICY
THE SOUTHERN NEW ENGLAND
TELEPHONE COMPANY
227 CHURCH STREET
NEW HAVEN CT 06510

PAUL H KUZIA VICE PRESIDENT
ENGINEERING AND REGULATORY
ARCH COMMUNICATIONS GROUP INC
1800 WEST PARK DRIVE SUITE 350
WESTBOROUGH MA 01581

KATHY L SHOBERT
DIRECTOR FEDERAL AFFAIRS
GENERAL COMMUNICATIONS INC
901 15TH STREET NW SUITE 900
WASHINGTON DC 20005

RANDY ZACH
TCA INC
3617 BETTY DRIVE SUITE I
COLORADO SPRINGS CO 80917

CHARLES C HUNTER
CATHERINE M HANNAN
ATTORNEYS FOR
TELECOMMUNICATIONS RESELLERS
ASSOCIATION
1620 I STREET NW SUITE 701
WASHINGTON DC 20006

ROBERT HOGGARTH
PERSONAL COMMUNICATIONS
INDUSTRY ASSOCIATION
500 MONTGOMERY STREET SUITE 700
ALEXANDRIA VA 22314-1561

JOSEPH A GODLES
ATTORNEY FOR
PANAMSAT CORPORATION
1229 19TH STREET NW
WASHINGTON DC 20554

PHILIP V OTERO
VICE PRESIDENT AND GENERAL
COUNSEL
GE AMERICAN COMMUNICATIONS INC
FOUR RESEARCH WAY
PRINCETON NJ 08540

RICHARD MCKENNA HQE03J36
ATTORNEY FOR
GTE SERVICE CORPORATION
P O BOX 152092
IRVING TX 75015-2092

GAIL L POLIVY
ATTORNEY FOR
GTE SERVICE CORPORATION
1850 M STREET NW SUITE 1200
WASHINGTON DC 20036

LON C LEVIN
VICE PRESIDENT AND REGULATORY
COUNSEL
AMSC SUBSIDIARY CORPORATION
10802 PARK RIDGE BOULEVARD
RESTON VA 22091

ROBERT A MANSBACH
ATTORNEY FOR
COMCAST CORPORATION
6560 ROCK SPRING DRIVE
BETHESDA MD 20817

RAYMOND G BENDER JR
J G HARRINGTON
ATTORNEYS FOR
VANGUARD CELLULAR SYSTEMS INC
SUITE 800
1200 NEW HAMPSHIRE AVENUE NW
WASHINGTON DC 20037

CHRIS FRENTRUP
SENIOR REGULATORY ANALYST
MCI TELECOMMUNICATIONS CORP
1801 PENNSYLVANIA AVENUE NW
WASHINGTON DC 20036

DAVID R POE
YVONNE M COVIELLO
ATTORNEYS FOR
TIME WARNER COMMUNICATIONS HOLDING
INC
1875 CONNECTICUT AVE NW SUITE 1200
WASHINGTON DC 20009

MARY MC DERMOTT
LINDA KENT
CHARLES D COSSON
ATTORNEYS FOR
THE UNITED STATES TELEPHONE ASSOC
1401 H STREET NW SUITE 600
WASHINGTON DC 20005

KATHLEEN Q ABERNATHY
DAVID A GROSS
ATTORNEYS FOR
AIRTOUCH COMMUNICATIONS INC
1818 N STREET NW
WASHINGTON DC 20036

JAMES R FORCIER
AIRTOUCH COMMUNICATIONS INC
ONE CALIFORNIA STREET 9TH FLOOR
SAN FRANCISCO CA 94111

RACHEL B FERBER
VICE PRESIDENT ASSISTANT GENERAL
COUNSEL
360 COMMUNICATIONS COMPANY
8725 HIGGINS ROAD
CHICAGO IL 60631

ROBERT MC KENNA
KATHRYN MARIE KRAUSE
ATTORNEY FOR
US WEST INC
SUITE 700
1020 19TH STREET NW
WASHINGTON DC 20036

JAY C KEITHLEY
LEON M KESTENBAUM
H RICHARD JUHNKE
ATTORNEYS FOR
SPRINT CORPORATION
1850 M STREET NW SUITE 1100
WASHINGTON DC 20036

CRAIG T SMITH
ATTORNEY FOR
SPRINT CORPORATION
P O BOX 11315
KANSAS CITY MO 64112

THE HONORABLE JULIA JOHNSON
COMMISSIONER
FLORIDA PUBLIC SERVICE COMMISSION
CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE FL 32399-0850

STEVE ELLENBECKER CHAIRMAN
DOUG DOUGHTY DEPUTY CHAIRMAN
KRISTIN H LEE COMMISSIONER
WYOMING PUBLIC SERVICE COMMISSION
700 WEST 21ST STREET
CHEYENNE WYOMING 82002

PAT WOOD III
ROBERT W GEE
JUDY WALSH
PUBLIC UTILITY COMMISSION OF TEXAS
1701N CONGRESS AVE
AUSTIN TX 78711-3326

DAVID A BECKER ESQ
ASSISTANT ATTORNEY GENERAL
COLORADO PUBLIC UTILITIES
COMMISSION
1580 LOGAN STREET OFFICE LEVEL 2
DENVER CO 80203

RICHARD M SBARATTA REBECCA LOUGH
M ROBERT SUTHERLAND
ATTYS FOR BELLSOUTH CORPORATION
BELLSOUTH TELECOMMUNICATIONS
INC
1155 PEACHTREE STREET NE STE 1700
ALTANTA GA 30309-3610

LAWRENCE W KATZ
ATTORNEY FOR
THE BELL ATLANTIC TELEPHONE CO
EIGHTH FLOOR
1320 NORTH COURT HOUSE ROAD
ARLINGTON VA 22201

DAVID KAUFMAN ESQ
NEW MEXICO STATE CORPORATION
COMMISSION
P O BOX 1269
SANTA FE NM 87504-1269

MARK C ROSENBLUM
PETER H JACOBY
JUDY SELL
ATTORNEYS FOR AT&T
ROOM 3244J1
295 NORTH MAPLE AVENUE
BASKING RIDGE NJ 07920

MICHAEL F ALTSCHUL VICE PRESIDENT
GENERAL COUNSEL
RANDALL S COLEMAN VP REGULATORY
CELLULAR TELECOMMUNICATIONS
INDUSTRY ASSOCIATION
1250 CONNECTICUT AVE NW SUITE 200
WASHINGTON DC 20036

JAMES S BLASZAK
KEVIN S DI LALLO
ATTORNEYS FOR
AD HOC TELECOMMUNICATIONS USERS
COMMITTEE
1300 CONNECTICUT AVE NW SUITE 500
WASHINGTON DC 20036-1703

DAVID A IRWIN
ATTORNEY FOR
ITCS INC
1730 RHODE ISLAND AVENUE NW
WASHINGTON DC 20036

PETER A ROHRBACH
DAVID L SIERADZKI
ATTORNEYS FOR
GE AMERICAN COMMUNICATIONS INC
555 THIRTEENTH STREET NW
WASHINGTON DC 20004

LEONARD J KENNEDY
RICHARD S DENNING
COUNSEL FOR
NEXTEL COMMUNICATIONS INC
SUITE 800
1200 NEW HAMPSHIRE AVE NW
WASHINGTON DC 20036-6802

JOE D EDGE
RICHARD J ARSENAULT
ATTORNEYS FOR
PUERTO RICO TELEPHONE COMPANY
901 FIFTEENTH STREET NW
WASHINGTON DC 20005

JAMES VOLZ ESQ
PETER M BLUHM ESQ
VERMONT DEPARTMENT OF PUBLIC
SERVICE
DRAWER 20
MONTPELIER VT 05620-2601

RICHARD A ASKOFF
ATTORNEY FOR
NATIONAL EXCHANGE CARRIER ASSOC
100 SOUTH JEFFERSON ROAD
WHIPPANY NJ 07981

JAMES ROWE
ALASKA TELEPHONE ASSOCIATION
4341 B STREET SUITE 304
ANCHORAGE AK 99503

DR BARBARA O'CONNOR
CHAIRWOMAN
MARY GARDINER JONES PRESIDENT
ALLIANCE FOR PUBLIC TECHNOLOGY
901 15TH STREET NW SUITE 230
WASHINGTON DC 20005

SAMUEL LOUDENSLAGER
ARKANSAS PUBLIC SERVICE COMMISSION
P O BOX 400
LITTLE ROCK AR 72203-0400

HEIKKI LEESMENT ESQ
DEPUTY RATEPAYER ADVOCATE
STATE OF NJ DIVISION OF THE
RATEPAYER ADVOCATE
31 CLINTO ST 11TH FLOOR
P O BOX 46005
NEWARK NJ 07101

PAUL B JONES
JANIS A STAHLHUT
DONALD SHEPHEARD
TIME WARNER COMMUNICATIONS
HOLDING INC
300 FIRST STAMFORD PLACE
STAMFORD CT 06902-6732

ANGELA J CAMPBELL ILENE R PENN
JOHN PODESTA
INSTITUTE FOR PUBLIC
REPRESENTATION
GEORGETOWN UNIVERSITY LAW CTR
600 NEW JERSEY AVE NW
WASHINGTON DC 20001

LINDA KENT
ASSOCIATE GENERAL COUNSEL
UNITED STATES TELEPHONE ASSOC
1401 H STREET NW SUITE 600
WASHINGTON DC 20005-2164

KATHERINE GRINCEWHICH
OFFICE OF THE GENERAL COUNSEL
UNITED STATES CATHOLIC CONFERENCE
3211 4TH STREET NE
WASHINGTON DC 20017-1194

KEVIN TAGLANG
BENTON FOUNDATION
1634 EYE STREET NW
WASHINGTON DC 20006

SAM COTTEN
ALASKA PUBLIC UTILITIES COMMISSION
1016 WEST SIXTH AVENUE SUITE 400
ANCHORAGE AK 99501

KENNETH BURCHETT
VICE PRESIDENT
GVNW INC/MANAGEMENT
P O BOX 230399
PORTLAND OR

DAVID L SHARP
CEO
PRESIDENT
VIRGIN ISLANDS TELEPHONE CORP
P O BOX 6100
ST THOMAS US VIRGIN ISLANDS 00801

ROBERT M HALPERIN
ATTORNEY FOR
THE STATE OF ALASKA
1001 PENNSYLVANIA AVENUE NW
WASHINGTON DC 20004

MARGOT SMILEY HUMPHREY
ATTORNEY FOR
THE RURAL TELEPHONE COALITION
1150 CONNECTICUT AVE NW SUITE 1000
WASHINGTON DC 20036

LISA M ZAINA
STUART POLIKOFF
OPASTCO
21 DUPONT CIRCLE NW SUITE 700
WASHINGTON DC 20036

DAVID COSSON
L MARIE GUILLORY
NCTA
2626 PENNSYLVANIA AVE NW
WASHINGTON DC 20037

HERBERT E. MARKS
JAMES M FINK
ATTORNEYS FOR
THE STATE OF HAWAII
1201 PENNSYLVANIA AVENUE NW
WASHINGTON DC 20044

SUE D BLUMENFELD MICHAEL G JONES
JENNIFER DESMOND MC CARTHY
ATTYS FOR LORAL SPACE &
COMMUNICATIONS
THREE LAFAYETTE CENTRE
1155 21ST STREET NW
WASHINGTON DC 20036

CHRISTOPHER W SAVAGE
ATTORNEY FOR
CENTENNIAL CELLULAR CORP
1919 PENNSYLVANIA AVE NW SUITE 200
WASHINGTON DC 20006

HENRY D LEVINE
LAURA F H MC DONALD
ATTORNEYS FOR
NYCHA MASTERCARD AND VISA
1300 CONNECTICUT AVENUE NW
WASHINGTON DC 20036

JAMES S BLASZAK
JANINE F GOODMAN
ATTORNEYS FOR
IBM
1300 CONNECTICUT AVE NW SUITE 500
WASHINGTON DC 20033-1703

ALAN R SHARK
PRESIDENT
AMERICAN MOBILE
TELECOMMUNICATIONS ASSOCIATION
1150 18TH STREET NW SUITE 250
WASHINGTON DC 20036

STEVE HAMLEN
PRESIDENT
UNITED UTILITIES INC
5450 A STREET
ANCHORAGE AK 99518-1291

RAUL R RODRIGUEZ
DAVID S KEIR
ATTORNEYS FOR
COLUMBIA COMMUNICATIONS CORP
2000 K STREET NW SUITE 600
WASHINGTON DC 20554

ELISABETH H ROSS
ATTORNEY FOR
THE VERMONT PUBLIC SERVICE BOARD
AND THE VERMONT DEPT OF PS
1155 CONNECTICUT AVE NW SUITE 1200
WASHINGTON DC 20036-4308

BENJAMIN H DICKENS JR
GERARD J DUFFY
COUNSEL FOR THE WESTERN ALLIANCE
2120 L STREET NW
WASHINGTON DC 20037

MARIANNE DEAGLE
ASSISTANT GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD ROAD
TOPEKA KS 66604-4027

DAVID HIGGINBOTHAM
PRESIDENT
TELETOUCH LICENSES INC
P O BOX 7370
TYLER TX 75711

KENNETH D SALOMON
J G HARRINGTON
ATTORNEYS FOR
IOWA TELECOMMUNICATIONS AND
TECHNOLOGY COMMISSION
1200 NEW HAMPSHIRE AVE NW STE 800
WASHINGTON DC 20036

DAVID W DANNER
SENIOR POLICY ADVISOR
WASHINGTON STATE DEPARTMENT OF
INFORMATION SERVICES
P O BOX 42445
OLYMPIA WA 98504-2445

FREDERICK M JOYCE
RONALD E QUIRK JR
ATTORNEYS FOR
OZARK TELECOM INC
1019 19TH STREET PH-2
WASHINGTON DC 20036

SANDRA ANN Y H WONG
ATTORNEY FOR
SANDWICH ISLES COMMUNICATIONS INC
PAUAAHI TOWER SUITE 2750
1001 BISHOP STREET
HONOLULU HAWAII 96813

MICHAEL H OLENICK
GENERAL COUNSEL
FLORIDA DEPARTMENT OF EDUCATION
THE CAPITOL SUITE 1701
325 W GAINES STREET
TALLAHASSEE FL 32399-0400

SUSAN LEHMAN KEITEL
EXECUTIVE DIRECTOR
NEW YORK LIBRARY ASSOC
252 HUDSON AVE
ALBANY NY 12210-1802

JIM GAY
PRESIDENT
NATIONAL ASSOCIATION OF STATE
TELECOMMUNICATIONS DIRECTORS
IRON WORKS PIKE
P O BOX 11910
LEXINGTON KY 40578-1910

PAUL J BERMAN
ALANE C WEIXEL
ATTORNEYS FOR
FIDELITY TELEPHONE COMPANY
P O BOX 7566
1201 PENNSYLVANIA AVE
WASHINGTON DC 20044-7566

ALBERT H KRAMER
ROBERT F ALDRICH
ATTORNEYS FOR
AMERICAN PUBLIC COMMUNICATIONS
COUNCIL
2101 L STREET NW
WASHINGTON DC 20037-1526

JEROME K BLASK
DANIEL E SMITH
ATTORNEYS FOR
PRONET
1400 16TH STREET NW SUITE 500
WASHINGTON DC 20036

KATH L SHOBERT
DIRECTOR
FEDERAL AFFAIRS
GENERAL COMMUNICATIONS
SUITE 900
901 15TH STREET NW
WASHINGTON DC 20005

CAROLYN C HILL
ATTORNEY FOR
ALLTEL TELEPHONE SERVICES CORP
655 15TH STREET NW SUITE 220
WASHINGTON DC 20005

MICHAEL S WROBLEWSKI
ATTORNEY FOR
TELHAWAII INC
SUITE 1300
1001 PENNSYLVANIA AVENUE NW
WASHINGTON DC 20004

CHERYL A TRITT
CHARLES H KENNEDY
ATTORNEYS FOR SPRINT SPECTRUM
2000 PENNSYLVANIA AVE NW STE 5500
WASHINGTON DC 20006-1888