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COMMON CARRIER BUREAU MAKES AVAILABLE POTENTIAL MODULES FOR DETERMINING CUSTOMER LOCATION AND OUTSIDE PLANT DESIGN IN FORWARD-LOOKING MECHANISM FOR DETERMINING UNIVERSAL SERVICE SUPPORT FOR NON-RURAL CARRIERS
Comment Date: November 26, 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 features[3] of a forward-looking economic cost mechanism by the end of 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

[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).

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]

Commission staff members William Sharkey and Mark Kennet of the Competitive Pricing Division, Common Carrier Bureau; C. Anthony Bush of the Competition Division, Office of the General Counsel; and Commission contractor Vaikunth Gupta of Panum Communications have developed an engineering process mechanism, known as the Hybrid Cost Proxy Model or HCPM. The HCPM represents individual views on potential approaches to customer location and outside plant design issues. It is not an official statement by the Commission or any FCC Commissioner and should not be interpreted as a Commission decision or proposed Commission decision. The HCPM differs from previous models that have been submitted to the Commission primarily in its usage of Census data to locate subscribers to the network and in its greater reliance on explicit optimization techniques in modeling loop plant. The model is written in a high-level programming language (Turbo-Pascal) and compiled versions can be supported on a number of computing environments. 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 algorithms and assumptions employed in these modules were described in public workshops that the Bureau held on September 3 and 11, 1997.[7] The HCPM software is now available, via the World Wide Web, for public review and comment.

The HCPM consists of a customer location module, known as CENBLOCK, and a loop design module, known as FEEDDIST. While this initial release is a fully functional version of both modules, several significant components have not yet been incorporated. The Bureau is releasing the modules at this time in order to make their basic structure available for public comment at the earliest possible time. The portions that are planned, but not yet implemented, are explained in detail in the supporting documentation. As with any complex software product, it is possible that bugs in the code or other design flaws remain undetected. Users of the model are encouraged to report, in their comments, any suspected problems that they may encounter.

This release includes the following components:

1. An executable file CENBLOCK.exe which implements the customer location portion of the model;

2. An executable file FEEDDIST.exe which implements the loop design portion of the model;

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[6] *FNPRM* at para. 35.

[7] *See* Public Notice, DA 97-1870 (rel. Aug. 28, 1997).

3. Input data files. On October 30, 1997, data files for a selection of wire centers will be made available. Input data files for additional wire centers will be posted to the Commission's Web site on a rolling basis as they are available;

4. User manuals for CENBLOCK and FEEDDIST;

5. A detailed description of model logic and default input selections;

6. Pascal source code for all model components.

Parties wishing to review the software may download it from the Bureau's World Wide Web page at http://www.fcc.gov/ccb/universal_service/welcome.html. Follow the link under the heading "Forward-Looking Cost Methodologies." We solicit comment on the CENBLOCK and HCPM software. 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 or before November 26, 1997. Reply comments are not requested. 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 HCPM) 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 the HCPM, contact William Sharkey, (202) 418-2743 (wsharkey@fcc.gov).

Action by the Chief, Accounting and Audits Division, Common Carrier Bureau.

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