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

In the Matter of	)	
	)	
Tariffs Implementing	)	CC Docket No. 97-250
Access Charge Reform	)	

ERRATA

By the Chief, Competitive Pricing Division:

Adopted: June 9, 1998 Released: June 10, 1998

1. In the *Memorandum Opinion and Order* in CC Docket No. 97-250, released on June 1, 1998, the Commission adopted and released a Memorandum Opinion and Order in the above-captioned proceedings.

2. This erratum amends Figure 2 as follows:

The headings on the fourth and fifth columns of Figure 2 are revised to: "Merrill Lynch, Telecom Services, 11/13/96" and "Salomon Brothers, 11/28/97" respectively.

The heading on the last column of Figure 2 is revised to "Public Statement Date."

3. This erratum amends Figure 3 as follows:

FIGURE 3

FCC STUDIES

PRICE CAP LEC	EXCESS RESIDENTIAL LOOP STUDY 1995 NECA & Census Data 1995 ARMIS Residential Lines % Excess Residential Loops	Standard Error	ADDITIONAL LINE STUDY PNR and Associates 1995 Bill Harvesting II % Households Additional Lines	Standard Error	Survey Sample Size
Ameritech	12.19%	0.41%	11.55%	0.89%	1,299
Bell Atlantic - South	19.12%	0.47%	13.45%	0.98%	1,219
Bell Atlantic - North	18.85%	0.44%	10.21%	0.88%	1,316
Bell South	16.86%	0.47%	11.47%	0.79%	1,298
GTE	14.77%	0.52%	8.94%	0.96%	999
Nevada Bell*	17.10%	3.09%	6.67%	6.44%	15
Pacific Bell	19.00%	0.73%	17.61%	1.50%	619
SNET	5.90%	1.10%	11.88%	3.22%	101
Southwestern Bell	13.55%	0.54%	12.13%	1.17%	775
Sprint LTCs	17.00%	0.76%	8.60%	1.25%	500
US West	10.29%	0.34%	11.00%	0.86%	1,318
Independents**			11.22%	1.04%	927
(Citizens)					
(Frontier)					
(CBT)	7.33%	1.38%	1.41%	1.40%	71
(Aliant)	5.20%	1.88%			
Total or Avg	14.70%		11.40%	0.31%	10,457

* Nevada Bell separated from Pacific Bell.

** Independents include Aliant, Frontier, Citizens and CBT.

4. This erratum amends paragraph 16 as follows:

Delete the seventh sentence of the paragraph and replace it with

> "Because the survey question did not distinguish among households with multiple residential lines between those with only two lines and those with more than two lines, the Additional Line Study does not capture any additional lines after the second line in a household.[29]"

5. This erratum amends paragraph 17 as follows:

Delete the second sentence and replace it with

> "The estimate of 108.1 million residential loops was then compared with a 1995 Census Bureau[30] estimate of 94.2 million households[31] with residential telephone service."

Delete footnote 30 and replace it with

"Federal Communications Commission, Industry Analysis Division, *Telephone Subscribership in the United States (data through November, 1995)* (February 27, 1996)."

Delete footnote 31 and replace it with

"The definition of a household as used by the U.S. Department of Commerce, Bureau of the Census in their 1995 population survey is as follows:

> Household. A household consists of all the persons who occupy a house, an apartment, or other group of rooms, or a room, which constitutes a housing unit. A group of rooms or a single room is regarded as a housing unit when it is occupied as separate living quarters; that is, when the occupants do not live and eat with any other person in the structure, and when there is direct access from the outside or through a common hall. The count of households excludes persons living in group quarters, such as rooming houses, military barracks, and institutions. Inmates of institutions (mental hospitals, rest homes, correctional institutions, etc.) are not included in the survey. *U.S. Department of Commerce, Bureau of the Census, March 1995 Current Population Survey* (September 1996)."

6. This erratum amends paragraph 60 as follows:

Delete the last two sentences and replace with

"To calculate the SLCs at the last PCI update on the CCL-1 chart for each subsequent recalculated tariff filing, Bell Atlantic-South must carry forward the unweighted adjusted proposed SLCs for each state and weight these adjusted proposed SLCs with the same demand as was used originally to calculate the weighted average SLCs at the last PCI update reflected in the calculations on the previously submitted CCL-1 charts."

7. This erratum amends paragraph 61 as follows:

Delete the first sentence and replace with

"We agree with Bell Atlantic's argument that section 61.46(d)(1) of our rules[1] requires that the weighted average SLCs at the last PCI update reflect base period demand for the proposed tariff filing."

Delete the last sentence and replace with

"For a price cap LEC such as Bell Atlantic-South that uses weighted average SLCs to calculate the maximum CCL rate, the weighted average SLCs at the last PCI update must reflect existing rates and base period demand for the proposed tariff filing in order for maximum common line

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[1] 47 C.F.R. § 61.46(d)(1).

revenues to equal existing rates multiplied by base period demand as section 61.46(d)(1) of our rules requires."

8. This erratum amends Paragraph 89 as follows:

Delete paragraph 89 and replace it with

"89. Price cap LECs must determine exogenous adjustments using the permitted revenue methodology by making the following calculations: (1) compute the revenue requirement for the specific function, or the change in the revenue requirement for a price cap basket or a service category, for which an exogenous adjustment is required;[164] (2) compute a revenue requirement for the basket from which price cap LECs must reallocate permitted revenues; (3) divide the revenue requirement calculation for the exogenous adjustment in (1) by the revenue requirement calculation for the basket in (2); and (4) multiply the result in (3) by the maximum permitted basket revenues.[165] Price cap LECs must file tariff revisions to reflect new rates resulting from the use of the permitted revenue methodology adopted in this section.[166] As explained in Section VI of this Order, however, price cap LECs are not required to issue refunds to their customers for the difference between the new rates resulting from the use of the permitted revenue methodology and existing rates resulting from the use of the hypothetical revenue requirement methodology.

[164] Price cap LECs calculated exogenous adjustments using revenue requirement methodologies. For some exogenous adjustments, price cap LECs computed the revenue requirement for a specific service or function. For example, price cap LECs calculated the exogenous adjustment for line ports by calculating a revenue requirement for line ports. For other exogenous adjustments, price cap LECs computed the change in the revenue requirement for a basket or a service category. For example, most price cap LECs calculated COE maintenance exogenous adjustments to price cap baskets as the difference between the revenue requirement for a basket reflecting the old Part 69.401 rule for allocating COE maintenance expenses and the revenue requirement reflecting the new Part 69.401 rule for allocating COE maintenance expenses.

[165] Maximum permitted basket revenues for the Common Line, Traffic-Sensitive, and Trunking baskets for the January 1, 1998 access reform tariff filings are determined by: (1) multiplying 1996 base period demand for each service in the basket by the December 31, 1997 price for each service to obtain base period revenues for each service; (2) summing the base period revenues for each service to obtain the base period revenues for the basket; (3) calculating the ratio of the December 31, 1997 PCI to the December 31, 1997 API for the basket; and (4) multiplying the base period revenues for the basket by the ratio of the December 31, 1997 PCI to the December 31, 1997 API for the basket. There is no API for the Common Line basket. Accordingly, maximum permitted revenues for the Common Line basket are equal to the sum of the December 31, 1997 maximum allowable rates for each Common Line rate element multiplied by the 1996 base period demand for each such rate element. This formula for calculating maximum permitted basket revenues accounts fully for any headroom that may exist between the PCI and the API for a price cap basket.

[166] To demonstrate the use of the permitted revenue methodology for a hypothetical price cap LEC, we calculate the downward exogenous adjustment to the Traffic-Sensitive basket that is due to line ports. Assume that the revenue requirement for line ports is $100.00, the revenue

requirement for the Traffic-Sensitive basket is \$1,000, base period revenues for the Traffic-Sensitive basket are \$1,200, the PCI for the Traffic-Sensitive basket is 100, and the API for the Traffic-Sensitive basket is 90. The maximum permitted revenues for the Traffic-Sensitive basket are approximately \$1,333.00 (the ratio of the PCI to the API, approximately 1.11, multiplied by base period basket revenues of \$1,200). The downward exogenous adjustment to the Traffic-Sensitive basket is equal to approximately \$133.33 (first divide the line port revenue requirement of \$100.00 by the basket revenue requirement of \$1,000, then multiply the result, .10, by maximum permitted basket revenues of approximately \$1,333.00.)"

9. This erratum amends paragraph 90 to the end of the Order as follows:

Footnotes 164 through 293 are renumbered 167 through 296.

10. This erratum amends paragraph 191 as follows:

Delete the words "Ameritech Operating Companies".

FEDERAL COMMUNICATIONS COMMISSION

Jane E. Jackson

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