



# PUBLIC NOTICE

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## COMMON CARRIER BUREAU TO HOLD THREE WORKSHOPS ON INPUT VALUES TO BE USED TO ESTIMATE FORWARD-LOOKING ECONOMIC COSTS FOR PURPOSES OF UNIVERSAL SERVICE SUPPORT

CC Docket Nos. 96-45, 97-160

In the *Platform Order* released on October 28, 1998, the Commission adopted a forward-looking cost model to be used in determining federal universal service high cost support for non-rural carriers.<sup>1</sup> In this Public Notice, the Common Carrier Bureau (Bureau) announces three workshops designed to elicit further comment in selecting the input values to be used in the forward-looking cost model. In advance of each workshop, Bureau staff will be posting on its Web site preliminary values for inputs to be considered at that workshop.

### Background:

In the *Universal Service Order*, the Commission determined that federal universal service high cost support should be based on forward-looking economic cost.<sup>2</sup> The Commission's process for estimating forward-looking costs for non-rural carriers has been divided into two stages. The first of these stages, the selection of the model platform, which are the fixed assumptions about the design of the network and network engineering and fixed characteristics such as soil and terrain, has been completed.<sup>3</sup> In the second stage, the Commission will select inputs for the model platform, such as the cost of cable, switches and other network components, and various capital cost parameters. The Commission intends to issue an order on the input values in time to implement the federal universal service

<sup>1</sup> Federal-State Joint Board on Universal Service, *Fifth Report and Order*, CC Docket Nos. 96-45, 97-160, FCC 98-279 (rel. Oct. 28, 1998) (*Platform Order*).

<sup>2</sup> Federal-State Joint Board on Universal Service, *Report & Order*, CC Docket No. 96-45, 12 FCC Rcd 8776, 8899 paras. 224-25, (1997) (*Universal Service Order*), as corrected by Federal State Joint Board on Universal Service, CC Docket 96-45, *Errata*, FCC 97-157 (rel. June 4, 1997), *appeal pending*, *Texas Office of Public Utility Counsel v. FCC*, No. 97-60421 (5th Cir. filed June 25, 1997); *see also Recommended Decision*, 12 FCC Rcd at 230 para. 270.

<sup>3</sup> *Platform Order*.

mechanism by July 1, 1999.<sup>4</sup>

### **Input Workshops:**

Although we have received significant comment on the input values in this proceeding, the selection of a model platform will now allow interested parties to focus their attention and resources on determining values for the particular inputs to be used in the model platform adopted in the *Platform Order*. As part of the process of selecting input values and facilitating discussion among interested parties, the Bureau will hold three public workshops dedicated to the resolution of specific areas of contention. The workshops are intended to permit focused attention on some of the most significant input values contested by the parties.

In order to facilitate the workshops, Bureau staff are reviewing the record and compiling preliminary input values or ranges of values that are intended to serve as a starting point in the process of determining final input values. In advance of each workshop, Bureau staff will be posting on its Web site ([http://www.fcc.gov/ccb/universal\\_service/highcost.html#determine](http://www.fcc.gov/ccb/universal_service/highcost.html#determine)) preliminary values for inputs to be considered at that workshop. We emphasize that these input values represent only a preliminary assessment by the Bureau staff of what is on the record in this proceeding at this time and are intended to provide interested parties an opportunity to assist staff in its efforts to derive final recommendations for input values. The preliminary values on our Web site do not include final values for any inputs. The Commission will consider all evidence on the record for each input value, including evidence submitted hereafter, in making its final determination of the appropriate input values. We note that parties' arguments for and against specific input values are significantly more persuasive when accompanied by supporting empirical data and encourage parties to submit such data when possible.

Three workshops on the topics listed below will be held at the following dates and times:

**December 1, 1998  
10:00 am - 3:00 pm**

**Switching investment, corporate operations expenses, and customer operations expenses**

**December 10, 1998  
1:00 pm - 5:00 pm**

**Plant specific and plant non-specific expenses**

**December 11, 1998  
10:00 am - 4:00 pm**

**Materials costs (copper and fiber cable, digital loop carriers (DLCs), serving**

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<sup>4</sup> The Commission has referred to the Federal-State Joint Board on Universal Service several questions related to how non-rural carriers' high cost support should be determined once forward-looking costs have been estimated. See Federal-State Joint Board on Universal Service, *Order and Order on Reconsideration*, CC Docket No. 96-45, FCC 98-160 (rel. July 17, 1998) (*Referral Order*).

**area interfaces (SAIs)**

At each workshop Commission staff will describe how the preliminary input values and ranges were derived, the support in the record for such values, and the methodology used to calculate the values and ranges. Interested parties should be prepared to address these input values and support their position with empirical data. The December 1, 1998 and December 10, 1998 workshops will be held in the Commission meeting room, 1919 M Street, Room 856, Washington, D.C. The location of the December 11, 1998 workshop will be announced at a later date.

For further information, please contact: Katie King, Accounting Policy Division, Common Carrier Bureau, (202) 418-7400.

- Action by the Chief, Accounting Policy Division -