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

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_____)
Federal-State Joint Board on)
Universal Service)
_____)
Access Charge Reform)
_____)

CC Docket No. 96-45

CC Docket No. 96-262

AT&T REPLY COMMENTS ON HIGH-COST FNPRM

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August 6, 1999

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SUMMARY

AT&T supports the Commission's general approach of setting a national benchmark and per-line revenue requirements for calculating contributions to, and disbursements from the Universal Service Fund ("USF"). As shown in Part I, that approach, if properly implemented, will result in an explicit fund that is sufficient to accomplish reasonable rate comparability among the states without departing substantially from the current level of federal support. As further demonstrated in Part I.A, commenters broadly support the Joint Board's conclusion that significant increases in incremental federal support are not warranted and that any such significant increases would not be in the public interest. Indeed, in light of the Fifth Circuit's recent ruling that intrastate revenues cannot be included in the assessment base for federal universal service mechanisms, and in light of the CALLS proposal to remove \$650 million per year from interstate access charges into the USF, the Commission should be especially vigilant to guard against unwarranted increases in the federal funding mechanisms. AT&T would not object to a variable per-line revenue requirement.

As shown in Part I.B, measuring the need for high-cost support is best achieved by averaging service costs at the study area level. Measuring cost at the study area level will prevent dramatic and unnecessary growth in federal support, while providing a fund that approximates the level of current explicit support. Moreover, measuring costs at the study area level best comports with the goal of achieving rate comparability among rather than within states. Contrary to the arguments of some parties, measuring costs at a more "granular" level would not result in a more accurate allocation of support.

Moreover (as shown in Part I.C), should the Commission choose to implement a hold-harmless policy, it must be the states, rather than carriers, that are "held harmless."

Hold-harmless amounts should be determined on a state-by-state basis, and the Commission should control the allocation of such funds to best achieve rate comparability among states. Additionally, the entire federal subsidy, including the hold-harmless amount, should be portable when a customer changes carriers. And states should be required to demonstrate that federal funds are actually being used to reduce local rates to ensure that such funds further the goal of rate comparability.

Finally, as shown in Part II, the commenters agree that the Commission should act expeditiously to remove implicit subsidies from access charges. Indeed, the Commission should approve the plan proposed by the Coalition for Affordable Local and Long Distance Service, which would remove such subsidies from access charges as well as remove other implicit subsidies through rate reform. Under no circumstances should the Commission reduce or eliminate the SLC, as some commenters argue. There is no statutory or policy reason for the claim that specific and immediate reductions in the SLC are required in these proceedings.

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

Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
Access Charge Reform)	CC Docket No. 96-262

AT&T REPLY COMMENTS ON HIGH-COST FNPRM

Pursuant to the Commission's Seventh Report and Order and Thirteenth Order on Reconsideration in CC Docket No. 96-45 and Fourth Report and Order in CC Docket No. 96-262 and Further Notice of Proposed Rulemaking ("FNPRM"), FCC 99-119, 1999 WL 343060 (F.C.C. rel. May 28, 1999), AT&T Corp. ("AT&T") submits these reply comments on issues related to the implementation of the FCC's framework for establishing the forward-looking methodology for calculating federal universal service support for non-rural carriers providing service in high-cost areas.

The commenters agree that the Commission should establish a federal high-cost fund that is roughly the same size as today's explicit mechanisms. As many commenters acknowledge, rates for universal services are generally "affordable" and "reasonably comparable" at current levels of federal funding. *See* 47 U.S.C. § 254(b)(1) & (b)(3). With these principles in mind, the commenters generally support the selection of a national benchmark and per-line revenue requirement that would achieve these goals. Moreover, the commenters generally agree with the Joint Board's recommendation that the Commission focus only on ensuring that rates are reasonably comparable *among* the states, and not *within*

the states. Thus, many commenters support calculation of federal support at the study area level, rather than more granular measures.

Similarly, the commenters agree that, apart from assuring reasonable comparability of rates among states, the Commission should remove implicit support from access charges and replace it with an explicit support mechanism. AT&T, as part of the Coalition for Affordable Local and Long Distance Service (“CALLS”), has proposed a plan that would remove up to \$650 million per year from interstate access charges, as well as implement reform of common line rates to remove other implicit subsidies. The Commission should expeditiously consider and adopt the CALLS plan. In no event should the Commission divert itself from the task of implementing Section 254 by reducing or eliminating the SLC, which would create *new* implicit subsidies in violation of Section 254(e).

I. THE COMMENTERS AGREE THAT THE COMMISSION SHOULD ESTABLISH IMPLEMENTATION PARAMETERS THAT WILL ACHIEVE AFFORDABLE AND REASONABLY COMPARABLE RATES IN HIGH-COST AREAS WITHOUT BURDENING CONSUMERS NATIONWIDE.

The vast majority of commenters agree with the Joint Board’s recommendation that the Commission “should not increase the amount of explicit federal support significantly from current explicit levels.” FNPRM, ¶ 16; California at 2-3; Bell Atlantic at 2-3; CBT at 1-2; Omnipoint at 3; Sprint at 16. As these commenters recognize, telephone subscribership in the United States is high, rates are generally affordable, and the Commission should increase support to states only where necessary to make rates reasonably comparable among the states. Therefore, the Commission should establish the parameters of the new methodology in such a way as to ensure that these various goals – including maintaining the current size of the fund – are met.

A. The Commenters Agree That The Commission Should Set the National Benchmark and the Revenue Per-Line Parameters To Yield a Federal Fund Approximately the Size of the Current Fund.

Consistent with these conclusions, the commenters generally agree that the Commission should select a national benchmark and a per-line revenue requirement in conjunction with one another to establish an explicit fund that is roughly the size of today's funding mechanism. Bell Atlantic at 2-3; CompTel at 2-3; PCIA at 3; WV Consumer Advocate at 2. As AT&T demonstrated in its comments, this can best be achieved by selecting a benchmark that is 200% of the national average forward-looking cost per line. Such a benchmark would allow the FCC to set the per-line revenue amount at \$1. If the benchmark is set between 115% and 150% of the national average cost, as the Joint Board recommends, the per-line revenue amount would have to be set much higher, and as a result only one state would receive incremental federal support (independent of the hold-harmless amounts). *See* AT&T at 13 & Attachment.

Notwithstanding the Joint Board's recommendation, however, a few commenters continue to insist on a massive, multi-billion dollar increase in the size of incremental federal support. U S WEST at 9-10; GTE at 18; USTA at 8-12. The Commission should reject these requests. None of these commenters makes a serious case that the current amount of federal support in any way threatens universal service in any state. Competition robust enough to erode subsidies at the intrastate level has yet to develop, and therefore increases in federal support are unnecessary and, indeed, would constitute a pure windfall for these LECs. As AT&T showed (at 9-11 & nn.21-22), the LECs have very substantial intrastate resources at their disposal to cover their universal service costs – well beyond even the per-line revenue amounts contemplated by the Commission's proposed methodology – and therefore the

massive increases proposed by these LECs are not in the public interest. Indeed, in light of the Fifth Circuit's recent ruling that intrastate revenues cannot be included in the assessment base for federal universal service mechanisms, *see Texas Office of Public Utility Counsel v. FCC*, No. 97-60421, 1999 WL 556461 (5th Cir., July 30, 1999), and in light of the CALLS proposal to remove \$650 million per year from interstate access charges into the USF, the Commission should be especially vigilant to guard against unwarranted increases in federal funding requirements and the resulting burdens on interstate ratepayers.

On the other hand, several parties suggest that fixed dollar amount per line would be arbitrary. GTE at 6; MCI at 9-19; Ameritech at 7-9. AT&T would not object to a variable per-line revenue requirement, under which federal support would "kick in" at a lower threshold for those states that have relatively less state resources than other states in meeting their universal service needs. AT&T has modeled this state-specific threshold in Attachment 2.

Specifically, AT&T treated the Revenue Per Primary Line parameter as an average over all the states. AT&T then obtained the ratio of each state's intrastate end user revenue to interstate end user revenue from the FCC's *State-by-State Telephone Revenue and Universal Service Data, January 1999*.¹ Each state's ratio was "normalized" against the average ratio across all states. *See* Attachment 1. Thus, a state with a normalized ratio less than 100 percent has relatively less intrastate resources than average, and a state with a ratio greater than 100 percent has more than average intrastate resources. Accordingly, the state with the lower ratio would have a correspondingly lower Revenue Per Primary Line

¹ Federal Communications Commission NEWS, Common Carrier Bureau Releases Report on State-by-State Telephone Revenue and Universal Service Data, January 26, 1999.

threshold for determining its ability to address its own universal service needs internally. For example, in Attachment 2, the normalized ratio for Colorado is 85%. If the Commission were to choose an average revenue per primary line figure of \$1.00 as the threshold, then Colorado would need only 85 cents of state resources to address its high-cost needs before federal support would begin. Conversely, Texas, which has a normalized ratio of 125%, has sufficient state resources to use \$1.25 per line before federal support would be required.

The results of applying a state-specific valuation of the Revenue Per Line parameter in conjunction with the varying levels of the National Cost Benchmark are shown on Attachment 1. All combinations resulting in a new High-Cost Fund at less than \$100 million are displayed.² These results are not dissimilar to the results without making the revenue-per line parameter state-specific.³ That is because the level of the National Cost Benchmark is far more important than the second parameter in setting the size of the High-Cost Fund, if the Commission is to remain true to its objective of maintaining the size of the new high-cost fund roughly equal to current explicit fund. At lower levels of the Benchmark (115%), a far higher average Revenue Per Primary Line threshold needs to be established in order to keep the new fund comparable to the existing explicit support. At such a high level for the average Revenue Per Primary Line, the distribution of values by state around that average do not result in any redistribution of funding by state than if the average Revenue Per Primary Line were applied to each state. Indeed, between National Cost Benchmarks of 115% and 150%, only one state would receive supplemental federal support.

² AT&T capped the new High-Cost Fund at \$100 million, consistent with the FCC's view that the fund should not significantly exceed the size of the current federal fund, which is \$77.0 million for non-rural LECs.

³ See AT&T Comments, at Attachment.

This analysis leads to the conclusion that introducing state-specific thresholds for determining states' resources to meet their universal service needs, as the Joint Board recommended, would not distort the results of applying the Commission's two-step methodology for determining federal high-cost support using the FCC's Synthesis Model.

B. The Commission Should Measure the Need For Federal High-Cost Support By Averaging Service Costs at the Study Area Level.

As AT&T has demonstrated (at 14-15), measuring the need for federal high-cost support at the study area level best implements the goals and policies established by Congress and the Commission. First, this approach is the most consistent with the goal of creating a "federal mechanism . . . that focuses on support flows *among* states rather than *within* states." FNPRM, ¶ 105; AT&T at 14; Bell Atlantic at 5; NYDPS at 5; CompTel at 2-3; WV Consumer Advocate at 4. Moreover, as previously explained by AT&T, this approach is also consistent with the goal of preventing dramatic increases in the levels of federal support potentially caused by transferring to the federal level "the support burden that has historically been borne within a state by intrastate, implicit support mechanisms." FNPRM, ¶ 46; AT&T at 14-15; CompTel at 2; Bell Atlantic at 2-3; CBT at 4; Non-Urban State Commissions at 15.

Several commenters argue that federal high-cost support should be measured at a more granular level than the study area. *E.g.*, GTE at 20-21; MCI at 16; U S WEST at 13. Various criticisms of the study area level approach include: 1) that the resulting fund will be insufficient; 2) that it improperly retains the implicit subsidies in the form of rate averaging within states; and 3) that it will erect barriers to entry in high-cost areas while providing artificially high incentives for competitive entry in low-cost areas. These arguments,

however, are based on unsupported and improbable predictions regarding both how competition will develop and how states will choose to regulate. *E.g.*, CompTel at 3 (noting that “such concerns are speculative and premature because local competition has yet to occur in the United States to any significant extent”).

For example, the assertion that measurement of costs at the study area level will not produce a sufficiently large fund runs counter to the Commission’s determination that current levels of funding are sufficient, as well as the Commission’s prudent “hesitan[ce] to provide sharp increases in current support levels, in the absence of clear evidence that, consistent with the development of efficient competition, such increases are necessary to preserve universal service or to protect affordable and reasonably comparable rates.” FNPRM, ¶ 16. As AT&T demonstrated in its comments, the study area approach will produce a sufficiently large fund. AT&T at 9-13 & Attachment.

Similarly misguided is the notion that measuring the need for high-cost support at the study area level will impermissibly allow “the perpetuation of implicit support through averaging.” GTE at 20-21; Sprint at 11; MCI at 16. These arguments suffer from two fundamental flaws. First, the Act does not require the *states* to adopt explicit universal support mechanisms. FNPRM, ¶ 45. Because this rate averaging is intrastate in nature and subject to regulation by the states, the Commission is not required to eliminate these implicit subsidies.

Second, as the Joint Board specifically concluded, “support calculated at a study area level is more appropriate at this time, because [that] method will properly measure the amount of support that is required of the federal mechanism in light of the current level of competition.” FNPRM, ¶ 48. Arguments that calculation at a more granular level will

somehow be more “accurate” or “correct” fail to recognize that the goal is to “properly measure the amount of support that is required of the federal mechanism.” FNPRM, ¶ 101. In light of the current lack of competition, as well as widely varying regulation by the states, such granular measurements are, in fact, likely to be less “accurate” in determining the appropriate amount of *incremental* support to be provided by the federal mechanism. *Id.*; Bell Atlantic at 5-6; Non-Urban State Commissions at 17-18.

These commenters also fail to establish that study area level measurement will create “artificial incentives for entry” into low-cost areas, while “the support in high-cost areas will be insufficient to make competitive entry attractive.” *E.g.*, GTE at 25-26; Sprint at 10-12; SBC at 4. They claim that “competitors will flock” to low-cost areas, resulting in the quick erosion of subsidization. *E.g.*, Sprint at 11. These arguments are based on erroneous assumptions about the manner in which support will be distributed and ignore the various means by which states may maintain or replace such lost subsidies. AT&T expressly supports geographically distributing the support to UNE zones when forward-looking cost-based UNE loops are available. Moreover, as AT&T demonstrated in its comments, these non-rural LECs have more than sufficient intrastate resources to cope with these decreases in implicit subsidies, should they occur. AT&T at 10-11 & nn.21 & 22.

C. The Commenters Support Implementing the Hold-Harmless Approach On a State-By-State Basis Rather Than Carrier-By-Carrier.

Should the Commission choose to implement a hold-harmless policy, the hold-harmless amounts should be determined on a state-by-state, rather than a carrier-by-carrier basis. AT&T agrees with the majority of commenters that allocation of hold-harmless amounts should not be delegated to state commissions. U S WEST at 30; Omnipoint at 3-4;

Sprint at 8-10; SBC at 10; ITC at 7 (stating that “state regulatory bodies should not be involved in any discretionary manner”). Rather, the FCC should administer the funds among study areas within each state so that high-cost assistance can be targeted to the areas where it is most needed.

Determining hold-harmless amounts on a state-by-state basis comports with several practical as well as institutional considerations. Bell Atlantic at 6; Sprint at 8-10; California at 5. Most importantly, determination on a state-by-state basis will prevent unnecessary increases in the size of the fund. See FNPRM, ¶ 118. Moreover, this approach best comports with the Commission's focus on ensuring rate comparability among states. Dispersing the funds on a carrier-by-carrier basis within the state gives the FCC added flexibility to ensure that the high-cost funding goes to the carriers that need it most. As the Fifth Circuit recently held, Section 254 does not prohibit a reduction in funding for any carrier (or, for that matter, for any state), as long as the funding remains “sufficient.” *Texas Office of Public Utility Counsel*, 1999 WL 556461, at *19.

Moreover, to ensure that customers actually receive the benefits of federal high-cost support, the Commission should require that carriers provide meaningful notice of both the amount of federal support for each line, and the fact that this amount is portable. Similarly, the entire subsidy received by the carrier, whether it be forward-looking or hold-harmless based, should be “ported” to the new carrier when a customer chooses to switch carriers.

Finally, as AT&T proposed in its prior comments, carriers receiving incremental high-cost support under the new forward-looking support mechanism should be required to demonstrate that such funds are actually used to reduce local rates, thereby furthering rate comparability. This showing should be made through state commissions, and to the extent a

state fails to make this showing, the FCC should reduce interstate access charges by the residual amount to avoid double-recovery. AT&T at 14-16.

II. THE COMMENTERS AGREE THAT THE COMMISSION SHOULD ADDRESS THE REPLACEMENT OF IMPLICIT SUPPORT FROM INTERSTATE ACCESS CHARGES IN THE ACCESS REFORM PROCEEDING.

Finally, the commenters overwhelmingly agree that the Commission should identify the amount of universal service support that is currently implicit in interstate access charges and should convert that support into explicit subsidies. *See* Sprint at 18; MCI at 3; U S West at 31; GTE at 41-43; SBC at 10-12; PCIA at 8; CompTel at 1-2; NYDPS at 14-15. In that regard, the Commission should continue to reject claims that cost model proxies should be used only to size the relative amount of the subsidies, instead of the actual amounts. *See* Bell Atlantic at 1; USTA at 3. As commenters agree, interstate access charges today are far in excess of the amounts necessary to recover both the LECs' forward-looking access costs and whatever interstate access implicitly contributes to universal service. *E.g.*, CompTel at 6; Ameritech at 3. Proposals to use the models to determine only relative support would ensure that these supra-competitive amounts remain in the system permanently in the form of unwarranted implicit subsidies, which would needlessly burden consumers and harm the public interest.

Incredibly, a few commenters urge the Commission to create *new* implicit subsidies in access charges by reducing or eliminating the SLC. *See* State Members at 2, 46; Consumer Advocates at 21-24. The Commission should reject these requests for several reasons.

First, these commenters' contentions that Section 254(k) somehow prohibits the elimination of the CCLC and requires reductions in the SLC are simply wrong. Section

254(k) prohibits subsidization of competitive services from services that are not competitive. To that end, Section 254(k) requires the Commission (with respect to interstate services) to establish the necessary “cost allocation rules, accounting safeguards, and guidelines” to ensure that joint and common costs are not overallocated to services included in the definition of universal service. In other words, Section 254(k) is directed solely at the allocation of *costs* as between regulated and nonregulated services. But that provision has nothing to say about the rate structures *within* the common line basket, and the implicit subsidies that may be embedded in those rates between different classes of customers.

Thus, the SLC is not unlawful under Section 254(k); rather, it is the PICC and the CCLC that are unlawful under Section 254(e). As the Fifth Circuit recently held, the plain language of Section 254(e) flatly prohibits universal service support mechanisms that are implicit in access rates. *Texas Office of Public Utility Counsel v. FCC*, 1999 WL 556461, at *18. As the Commission has recognized countless times, both in the FNPRM (¶¶ 127, 133) and elsewhere, the PICC and CCLC constitute implicit subsidies, at least in part.⁴ To the extent they violate Section 254(e) under the Fifth Circuit’s decision, those revenues must either be recovered through the SLC, or they must be converted into an explicit subsidy mechanism (or some combination of the two).

AT&T, as part of CALLS, has proposed a reasonable plan that would remove implicit subsidies from access charges and establish an appropriate rate structure for common line services. As AT&T and the CALLS members will explain more fully in connection with the proposed plan, increasing the SLC as proposed in the plan would have no detrimental impact

⁴ Of course, some portion of the PICC and CCLC likely represent nothing more than supra-competitive profits; those amounts should simply be removed from the system altogether.

on universal service or telephone subscribership. The Commission should expeditiously review and approve the CALLS plan so that it can be implemented January 1, 2000.

CONCLUSION

For the foregoing reasons, the Commission should implement the forward-looking federal high-cost support mechanism as described above and in AT&T's Comments.

Respectfully submitted,

AT&T CORP.

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August 6, 1999

Average State Resources/ Revenue per Primary Line	National Cost Benchmark Based on Study Area Costs				
	<u>115%</u>	<u>135%</u>	<u>150%</u>	<u>175%</u>	<u>200%</u>
\$0.75					94.6 ¹
\$1.00					84.8 ²
\$1.25				97.6 ³	80.3
\$1.50				82.0 ⁴	77.0
\$1.75				77.1 ⁵	"
\$2.00				77.0	"
\$4.50			94.7 ⁶	"	"
\$5.00			88.3	"	"
\$5.50			81.9	"	"
\$6.00			77.0	"	"
\$7.00		97.0 ⁷	"	"	"
\$8.00		84.2	"	"	"
\$8.50		77.8	"	"	"
\$9.00		77.0	"	"	"
\$10.50	98.0 ⁸	"	"	"	"
\$11.00	91.6	"	"	"	"
\$12.00	78.8	"	"	"	"
\$12.50	77.0	"	"	"	"
\$13.00	"	"	"	"	"

¹ Reflects incremental support from cost proxy model exceeding hold harmless view for Minnesota and Missouri.

² Reflects incremental support from cost proxy model exceeding hold harmless view for Minnesota for all amounts exceeding 77.0 million in the 200% column.

³ Reflects incremental support from cost proxy model exceeding hold harmless view for Minnesota, Missouri, Mississippi, and Wisconsin.

⁴ Reflects incremental support from cost proxy model exceeding hold harmless view for Minnesota and Missouri.

⁵ Reflects incremental support from cost proxy model exceeding hold harmless view for Minnesota for all amounts exceeding 77.0 million in the 175% column.

⁶ Reflects incremental support from cost proxy model exceeding hold harmless view for Mississippi for all amounts exceeding 77.0 million in the 150% column.

⁷ Reflects incremental support from cost proxy model exceeding hold harmless view for Mississippi for all amounts exceeding 77.0 million in the 135% column.

⁸ Reflects incremental support from cost proxy model exceeding hold harmless view for Mississippi for all amounts exceeding 77.0 million in the 115% column.

Attachment 1

State	Intrastate Revenue	Interstate Revenue	Total Revenue	Percent Intra of Inter	State Relative to Average
AL	1,689	958	2,647	176%	117%
AR	958	579	1,538	165%	110%
AZ	1,547	1,401	2,948	110%	73%
CA	15,629	6,720	22,349	233%	155%
CO	1,812	1,410	3,222	128%	85%
CT	1,546	1,159	2,705	133%	89%
DC	451	380	831	119%	79%
DE	253	273	527	93%	62%
FL	6,685	4,645	11,330	144%	96%
GA	3,339	2,259	5,598	148%	98%
HI	460	286	746	161%	107%
IA	1,013	680	1,693	149%	99%
ID	392	356	748	110%	73%
IL	5,409	3,038	8,446	178%	118%
IN	2,341	1,293	3,634	181%	120%
KS	1,059	684	1,743	155%	103%
KY	1,411	872	2,283	162%	108%
LA	1,708	947	2,655	180%	120%
MA	2,970	1,942	4,912	153%	102%
MD	2,324	1,540	3,864	151%	100%
ME	476	314	790	151%	101%
MI	4,655	1,948	6,603	239%	159%
MN	1,884	1,207	3,090	156%	104%
MO	2,145	1,313	3,459	163%	109%
MS	993	573	1,565	173%	115%
MT	348	260	609	134%	89%
NC	3,260	1,972	5,233	165%	110%
ND	272	196	468	139%	92%
NE	775	434	1,208	179%	119%
NH	494	473	968	105%	69%
NJ	4,076	3,079	7,155	132%	88%
NM	605	484	1,089	125%	83%
NV	564	675	1,238	84%	56%
NY	8,758	5,102	13,860	172%	114%
OH	4,852	2,365	7,217	205%	136%
OK	1,209	782	1,991	155%	103%
OR	1,255	912	2,167	138%	91%
PA	4,855	2,999	7,853	162%	108%
RI	364	320	683	114%	76%
SC	1,476	998	2,475	148%	98%
SD	269	211	481	127%	85%
TN	2,131	1,396	3,526	153%	101%
TX	8,108	4,301	12,410	189%	125%
UT	633	532	1,164	119%	79%

Attachment 1

VA	2,886	2,073	4,959	139%	93%
VT	254	206	460	123%	82%
WA	2,136	1,531	3,667	140%	93%
WI	2,133	1,127	3,261	189%	126%
WV	675	407	1,081	166%	110%
WY	185	168	354	110%	73%
Total	115,725	69,779	185,503	150.5%	

High-Cost FNPRM
CC Dockets 96-45 and 96-262
List of Commenters

Ameritech

Arkansas, Maine, Montana, New Hampshire, North Dakota, Vermont, West Virginia
and Wyoming State Regulatory Agencies ("Non-Urban State Commissions")

AT&T Corp. ("AT&T")

Bell Atlantic

People of the State of California and the California Public Utilities Commission
("California")

CenturyTel, Inc. ("CenturyTel")

Cincinnati Bell Telephone Co. ("CBT")

Competitive Telecommunications Association ("CompTel")

GTE

GVNW Consulting, Inc. ("GVNW")

General Services Administration ("GSA")

ITCs, Inc. ("ITCs")

Iowa Utilities Board ("Iowa")

MCI WorldCom, Inc. ("MCI")

Omnipoint Communications, Inc. ("Omnipoint")

National Association of Regulatory Utility Commissioners ("NARUC")

New York State Dept. of Public Service ("NYDPS")

Personal Communications Industry Association ("PCIA")

Puerto Rico Telephone Company ("PRTC")

Rural Telephone Coalition ("RTC")

SBC Communications, Inc. ("SBC")

Sprint Corporation ("Sprint")

State Members of the Federal-State Joint Board on Universal Service ("State Members")

TDS Telecommunications Corporation ("TDS")

Texas Office of Public Utility Counsel, Consumer Federation of America, National Association of State Utility Consumer Advocates and Consumers Union ("Consumer Advocates")

United States Telephone Association ("USTA")

United States Cellular Corporation ("USCC")

U S WEST, Inc. ("U S WEST")

West Virginia Consumer Advocate ("WV Consumer Advocate")

The Western Alliance ("Western Alliance")

Public Service Commission of Wisconsin ("Wisconsin")

CERTIFICATE OF SERVICE

I, James P. Young, do hereby certify that on this 6th day of August, 1999, a copy of the foregoing "AT&T Reply Comments on High-Cost FNPRM" was served via U.S. first class mail, postage prepaid, to the parties on the attached Service List.

/s/ James P. Young
James P. Young

**SERVICE LIST
HIGH-COST FNPRM
JOINT BOARD AND COMMENTERS, FILED 7/23/99
CC DOCKETS 96-45 and 96-262**

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