Appendix B

Part 69 Rules

§ 69.152 End user common line for price cap local exchange carriers.

(a) A charge that is expressed in dollars and cents per line per month shall be assessed upon end users that subscribe to local exchange telephone service or Centrex service to the extent they do not pay carrier common line charges. A charge that is expressed in dollars and cents per line per month shall be assessed upon providers of public telephones. Such charge shall be assessed for each line between the premises of an end user, or public telephone location, and a Class 5 office that is or may be used for local exchange service transmissions.

~~(b) Except as provided in paragraphs (d) through (i) of this section, the maximum single line rate or charge shall be computed:~~

~~(1) By dividing one-twelfth of the projected annual revenue requirement for the End User Common Line element by the projected average number of local exchange service subscriber lines in use during such annual period, only so long as a per-minute carrier common line charge is assessed or the maximum PICC assessed on primary residential lines, plus the maximum end user common line charge for primary residential lines, does not recover the full amount of its per-line common line price cap revenues.~~

~~(2) By dividing one-twelfth of the projected annual revenues permitted for the common line basket under the Commission's price cap rules, as set forth in Part 61 of this chapter, by the projected average number of local exchange service subscriber lines in use during such annual period, if no per-minute carrier common line charge is assessed and the maximum PICC assessed on primary residential lines, plus the maximum end user common line charge for primary residential lines, recovers the full amount of its per-line common line price cap revenues.~~

~~(3) Provided, however, that the charge for each local exchange service subscriber line shall not exceed $9.00 as adjusted by the inflation factor computed under paragraph (k) of this section.~~

(b) [Removed and Reserved.]

(c) The charge for each subscriber line associated with a public telephone shall be equal to the monthly charge computed in accordance with paragraph (k ~~b)~~ of this section.

(d) ~~(1) Through December 31, 1997, the monthly charge for each primary residential or single line business local exchange service subscriber line shall be the charge computed in accordance with paragraph (b) of this section, or $3.50, whichever is lower.~~ Except as provided in paragraphs (q), the maximum single line rate,

(1~~2~~) Beginning January 1, ~~1998~~2000, the maximum monthly charge for each primary residential or single line business local exchange service subscriber line shall be the ~~charge computed in accordance with paragraph (b) of this section, or $3.50, whichever is lower.~~ lesser of the Average Price Cap CMT Revenue Per Line as defined in § 61.3(d) or

(i) On January 1, 2000, $5.50

(ii) On January 1, 2001, $6.25

(iii) On July 1, 2002 $6.75.

(iv) On July 1, 2003, $7.00

(2) In the event that GDP-PI exceeds 6.5% or is less than 0%, the caps as well as the rates will have to be adjusted pursuant to § 61.45(b)(2).

(e) (1) ~~Through December 31, 1997~~Beginning January 1, 2000, the monthly charge for each non-primary residential local exchange service subscriber line shall be the ~~maximum averaged End User Line Charge for non-primary residential lines in a given entity will be the~~ lesser of:

(i) $7.00 or

(ii) the greater of:

(A) The rate as of December 31, 1999 less amounts of End User Common Line charge reduction needed to ensure over recovery of CMT Revenues does not occur, or

(B) Average Price Cap CMT Revenue Per Line.

(2) In the event that GDP-PI is greater than 6.5% or is less than 0%, the caps as well as the rates in paragraph (1) above will have to be adjusted pursuant to § 61.45 b(2).

~~(2) Beginning January 1, 1998, the maximum monthly charge for each non-primary residential local exchange service subscriber line shall be the lower of:~~

~~(i) The maximum charge computed in accordance with paragraph (b) of this section; or~~

~~(ii) $5.00. On January 1, 1999, this amount shall be adjusted by the inflation factor computed under paragraph (k) of this section, and increased by $1.00. On July 1, 2000, and in each subsequent year, this amount shall be adjusted by the inflation factor computed under paragraph (k) of this section, and increased by $1.00.~~

(3) Where the local exchange carrier provides a residential line to another carrier so that the other carrier may resell that residential line to a residence that already receives a primary residential line, the local exchange carrier may collect the non-primary residential charge described in paragraph (e) of this section from the other carrier.

(f) Except as provided in paragraphs (n) and (o) of this section, the charge for each primary residential local exchange service subscriber line shall be the same as the charge for each single line business local exchange service subscriber line.

(g) A line shall be deemed to be a residential subscriber line if the subscriber pays a rate for such line that is described as a residential rate in the local exchange service tariff.

(h) **[Reserved]**

(i) A line shall be deemed to be a single line business subscriber line if the subscriber pays a rate that is not described as a residential rate in the local exchange service tariff and does not obtain more than one such line from a particular telephone company.

(j) No charge shall be assessed for any WATS access line.

(k) (1) Beginning on January 1, 2000, and in the absence of voluntary reductions, the averaged End User Common Line Charge for multiline business lines in a given entity that has not deaveraged End User Common Line charges will be the lesser of:

(i) $9.20 or

(ii) the greater of:

(A) the rate as of December 31, 1999, less amounts of End User Common Line charge reductions to ensure over recovery of CMT Revenues does not occur, or

(B) Average Price Cap CMT Per Line as defined in § 61.3(d).

Except when the incumbent LEC reduces the rate through voluntary reductions, the averaged multiline business End User Common Line charge initially will be frozen until the entity's multiline business PICC and CCL are eliminated.

(2) In the event that GDP-PI is greater than 6.5% or is less than 0%, the caps as well as the rates in paragraph (1) above will have to be adjusted pursuant to § 61.45 b(2).

~~(k) (1) On January 1, 1999:~~

~~(i) The ceiling for multi-line business subscriber under paragraph (b)(3) of this section will be adjusted to reflect inflation as measured by the change in GDP-PI for the 18 months ending September 30, 1998.~~

~~(ii) The ceiling for non-primary residential subscriber lines under paragraph (e)(2)(ii) of this section will be adjusted to reflect inflation as measured by the change in GDP-PI for the 12 months ending September 30, 1998.~~

~~(2) On July 1, 2000, the ceiling for multi-line business subscriber lines and non-primary residential subscriber lines will be adjusted to reflect inflation as measured by the change in GDP-PI for the 18 months ending on March 31, 2000.~~

~~(3) On July 1 of each subsequent year, the ceiling for multi-line business subscriber lines and non-primary residential subscriber lines will be adjusted to reflect inflation as measured by the change in GDP-PI for the 12 months ending on March 31 of the year the adjustment is made.~~

(l) (1) Beginning January 1, 1998, local exchange carriers shall assess no more than one end user common line charge as calculated under the applicable method under paragraph (e) of this section for Basic Rate Interface integrated services digital network (ISDN) service.

(2) Local exchange carriers shall assess no more than five end user common line charges as calculated under paragraph (b) of this section for Primary Rate Interface ISDN service.

(m) In the event the local exchange carrier charges less than the maximum end user common line charge for any subscriber lines, the local exchange carrier may not recover the difference between the amount collected and the maximum from carrier common line charges or PICCs.

(n) Through December 31, 1997, the End User Common Line charge for a residential subscriber shall be 50% of the charge specified in paragraphs (b) and (d) of this section if the residential local exchange service rate for such subscribers is reduced by an equivalent amount, provided that such local exchange service rate reduction is based upon a means test that is subject to verification.

(o) Paragraphs (o)(1) and (o)(2) of this section are effective through December 31, 1997.

(1) The End User Common Line charge for residential subscribers shall be reduced to the extent of the state assistance as calculated in paragraph (o)(2) of this section, or waived in full if the state assistance equals or exceeds the residential End User Common Line charge under the circumstances described in this paragraph. In order to qualify for this waiver, the subscriber must be eligible for and receive assistance or benefits provided pursuant to a narrowly targeted telephone company lifeline assistance program, requiring verification of eligibility, implemented by the state or local telephone company. A state or local telephone company wishing to implement this End User Common Line reduction or waiver for its subscribers shall file information with the Commission Secretary demonstrating that its plan meets the criteria set out in this section and showing the amount of state assistance per subscriber as described in paragraph (o)(2) of this section. The reduction or waiver of the End User Common Line charge shall be available as soon as the Commission certifies that the state or local telephone plan satisfies the criteria set out in this paragraph and the relevant tariff provisions become effective.

(2) (i) The state assistance per subscriber shall be equal to the difference between the charges to be paid by the participating subscribers and those to be paid by other subscribers for comparable monthly local exchange service, service connections and customer deposits, except that benefits or assistance for connection charges and deposit requirements may only be counted once annually. In order to be included in calculating the state assistance, such benefits must be a single telephone line to the household's principal residence.

(ii) The monthly state assistance per participating subscriber shall be calculated by adding the amounts calculated in paragraphs (o)(2)(ii)(A) and (o)(2)(ii)(B) of this section.

(A) The amount of the monthly state assistance per participating subscriber for local exchange service shall be calculated by dividing the annual difference between charges paid by all participating subscribers for residential local exchange service and the amount which would have been charged to non-qualifying subscribers for comparable service by twelve times the number of subscribers participating in the state assistance program. Estimates may be used when historic data are not available.

(B) The amount of the monthly state assistance for service connections and customer deposits per participating subscriber shall be calculated by determining the annual amount of the reductions in these charges for participating subscribers each year and dividing this amount by twelve times the number of participating subscribers. Estimates may be used when historic data are not available.

(p) Through December 31, 1997, in connection with the filing of access tariffs pursuant to § 69.3(a), telephone companies shall calculate for the association their projected revenue requirement attributable to the operation of § 69.104 (n) through (o). The projected amount will be adjusted by the association to reflect the actual lifeline assistance benefits paid in the previous period. If the actual benefits exceeded the projected amount for that period, the differential will be added to the projection for the ensuing period. If the actual benefits were less than the projected amount for that period, the differential will be subtracted from the projection for the ensuing period. Through December 31, 1997, the association shall so adjust amounts to the Lifeline Assistance revenue requirement, bill and collect such amounts from interexchange carriers pursuant to § 69.117 and distribute the funds to qualifying telephone companies pursuant to § 69.603(d).

(q) **End User Common Line De-Averaging.** Beginning on January 1, 2000, ILECs may geographically deaverage End User Common Line charges subject to the following conditions:

(1) In order for an ILEC to be allowed to de-average End User Common Line charges within a study area, the ILEC must have state Commission approved geographically deaveraged rates for UNE Loops within that study area. Except where an incumbent LEC geographically deaverages through voluntary reductions, before an ILEC may geographically deaverage its End User Common Line rates, its Originating and Terminating CCL and Multiline Business PICC rates must equal $0.00.

(2) All geographic deaveraging of End User Common Line charge by customer class within a study area must be according to the state commission-approved unbundled network element loop zone. An ILEC can maintain up to four zones, however, the zones must cover the same geographic areas as state Commission approved Unbundled Network Elements loop zones. In study areas where there are more than 4 UNE zones, such Zones must be collapsed into a maximum of 4 zones, which will be determined at the ILEC's discretion.

(3) Within a given zone, Multiline Business End User Common line rates cannot fall below Primary Residence, Single Line Business or Non-Primary charges. Non Primary End User Common Line charges cannot fall below Primary Residence, Single Line Business charges.

(4) For any given class of customer in any given zone, the Zone de-averaged End User Common Line Charge in that zone must be greater than or equal to the Zone de-averaged End User Common Line charge in the zone with the next lower Zone Average Revenue Per Line.

(5)

Alternative 1 – Filing Entity[1]

The sum of revenues per month that would be generated from all deaveraged End User Common Line charges in all End User Common Line charge deaveraging zones within a filing entity plus revenues per month from all End User Common Line, multiline business PICC and CCL charges from study areas within that filing entity that do not have geographically deaveraged End User Common Line charges plus the sum of all Study Area Access USF Support (as defined in § 54.813(7)) in all study areas within the filing entity, divided by the number of lines cannot exceed Average Price Cap CMT Revenue Per Line as defined in § 61.3(d) for the filing entity.

Alternative 2 – Study Area and Filing Entity[2]

The sum of all revenues per month that would be generated from all deaveraged End User Common Line charges in all zones within a study area plus Study Area Access USF Support (as defined in § 54.813(7)) for that study area divided by the number of lines in that study area cannot exceed Average Price Cap CMT Revenue Per Line as defined in § 61.3(d) for that study area. In addition, the sum of revenues per month that would be generated from all deaveraged End User Common Line charges in all End User Common Line charge deaveraging zones within a filing entity plus revenues per month from all End User Common Line charge, multiline business PICC and CCL charges from study areas within that filing entity that have not geographically deaveraged End User Common Line charges plus the sum of all Study Area Access USF Support (as defined in § 54.813(7)) in all study areas within the filing entity, divided by the number of lines cannot exceed Average Price Cap CMT Revenue Per Line as defined in § 61.3(d) for the filing entity.

(6) **Maximum Charge.** The maximum zone deaveraged End User Common Line Charge that may be charged in any zone is the lesser of the highest Zone Average Revenue Per Line within the study area, or the cap as of January 1, 2000 or the Current Cap for that designated period. Zone Average Revenue Per Line is the Price Cap CMT Revenue per Line allocated to a particular state-defined zone used for

[1] Parties do not agree as to the method for the safeguard against revenues from deaveraged End User Common Line charges exceeding the revenues that would be permitted for averaged End User Common Line charge. Alternative 1 would implement a requirement to be applied only at the filing entity level. Appendix A at 2.1.5.5.

[2] Parties do not agree as to the method for the safeguard against revenues from deaveraged End User Common Line charges exceeding the revenues that would be permitted for averaged End User Common Line charges. Alternative 2 would implement a requirement to be applied at both the filing and study area levels. Appendix A at 2.1.5.5.

deaveraging of UNE loop prices. The zone average revenue per line is computed pursuant to 61.3 (ss).

(7) **Minimum Charge.** Except where an incumbent LEC deaverages through voluntary reductions, the minimum Zone de-averaged End User Common Line Charge in any zone in any area is the lowest Zone Average Revenue per Line for any zone in that study area.[3]

(8) **Voluntary Reductions.** A "Voluntary Reduction" is one in which the ILEC reduces prices other than through offset of net increases in End User Common Line charge revenues or study area USF support received pursuant to §§ 54.810 and 54.813, or through increases in other zone deaveraged End User Common Line charges.

§ 69.153 Multi-Line business presubscribed interexchange carrier charge (PICC).

(a) A charge expressed in dollars and cents per line may be assessed upon the Multi-Line business subscriber's presubscribed interexchange carrier to recover revenues totaling Averaged Price Cap CMT Revenues Per Line times the number of base period lines less revenues ~~the common line revenues permitted under the price cap rules in part 61 of this chapter that cannot be~~ recovered through the end user common line charge established under § 69.152, up to a maximum of $4.00 per line per month. ~~residual interconnection charge revenues, and certain marketing expenses described in § 69.156(a).~~ In the event the ceilings on the PICC prevent the PICC from recovering all the residual common line, residual interconnection charge revenues, and marketing expenses, the PICC shall recover all residual common line revenues before it recovers residual interconnection charge revenues, and all residual interconnection charge revenues before it recovers marketing expenses.

(b) If an end-user customer does not have a presubscribed interexchange carrier, the local exchange carrier may collect the PICC directly from the end user.

~~(c) The PICC for primary residential subscriber lines and single-line business subscriber shall be the lower of:~~

~~(1) One twelfth of the sum of projected annual common line revenues and residual interconnection charge revenues permitted under our price cap rules divided by the projected average number of local exchange service subscriber lines in use during such annual period, minus the maximum subscriber line charge calculated pursuant § 69.152(d)(2); or~~

~~(2) $0.53. On July 1, 1999, this amount shall be adjusted by the inflation factor computed under paragraph (e) of this section, and increased by $0.50. On July 1, 2000, and in each subsequent year, this amount shall be adjusted by the inflation factor computed under paragraph (e), and increased by $0.50.~~

(c) **[Removed and Reserved.]**

[3] The parties do not agree as to whether the Minimum Charge should also be adjusted to reflect a portion of those Study Area Above Cap Revenues not offset by Study Area Universal Service Support. Appendix A at 2.1.5.6.3.

~~(d) To the extent that a local exchange carrier cannot recover its full common line revenues, residual interconnection charge revenues, and those marketing expense revenues described in § 69.156(a) permitted under price cap regulation through the recovery mechanisms established in §§ 69.152, 69.153(c), and 69.156(b) and (c), the local exchange carrier may assess a PICC on multi-line business subscriber lines and non-primary residential subscriber lines.~~

~~(1) The maximum monthly PICC for non-primary residential subscriber lines shall be the lower of:~~

~~(i) One twelfth of the projected annual common line, residual interconnection charge, and § 69.156(a) marketing expense revenues permitted under our price cap rules, less the maximum amounts permitted to be recovered through the recovery mechanisms under §§ 69.152, 69.153(c), and 69.156 (b) and (c), divided by the total number of projected non-primary residential and multi-line business subscriber lines in use during such annual period; or~~

~~(ii) \$1.50. On July 1, 1999, this amount shall be adjusted by the inflation factor computed under subparagraph (e), and increased by \$1.00. On July 1, 2000, and in each subsequent year, this amount shall be adjusted by the inflation factor computed under subparagraph (e), and increased by \$1.00.~~

~~(2) If the maximum monthly PICC for non-primary residential subscriber lines is determined using paragraph (d)(1)(i), the maximum monthly PICC for multi-line business subscriber lines shall equal the maximum monthly PICC of non-primary residential subscriber lines. Otherwise, the maximum monthly PICC for multi-line business lines shall be the lower of:~~

~~(i) One twelfth of the projected annual common line, residual interconnection charge, and § 69.156(a) marketing expense revenues permitted under parts 61 and 69 of our rules, less the maximum amounts permitted to be recovered through the recovery mechanisms under §§ 69.152, 69.153(c) and (d)(1), and 69.156 (b) and (c), divided by the total number of projected multi-line business subscriber lines in use during such annual period; or~~

~~(ii) \$2.75. On July 1, 1999, this amount shall be adjusted by the inflation factor computed under subparagraph (e), and increased by \$1.50. On July 1, 2000, and in each subsequent year, this amount shall be adjusted by the inflation factor computed under subparagraph (e), and increased by \$1.50.~~

~~(e) For the PICC ceiling for primary residential subscriber lines and single-line business subscriber lines under subparagraph (c)(2), non-primary residential subscriber lines under subparagraph (d)(1)(ii), and multi-line business subscriber lines under subparagraph (d)(2)(ii):~~

~~(1) On July 1, 1999, the ceiling will be adjusted to reflect inflation as measured by the change in GDP-PI for the 18 months ending March 31, 1999.~~

~~(2) On July 1 of each subsequent year, the ceiling will be adjusted to reflect inflation as measured by the change in GDP-PI for the 12 months ending on March 31 of the year the adjustment is made.~~

~~(3) On July 1 of each subsequent year, the ceiling will be adjusted to reflect inflation as measured by the change in GDP-PI for the 12 months ending on March 31 of the year the adjustment is made.~~

~~(f) —— (1) Local exchange carriers shall assess no more than one PICC as calculated under the applicable method under paragraph (d)(1) of this section for Basic Rate Interface integrated services digital network (ISDN) service.~~

(d~~2~~) Local exchange carriers shall assess no more than five PICCs as calculated under paragraph (c)~~(d)(2)~~ of this section for Primary Rate Interface ISDN service.

(e~~g~~) The maximum monthly PICC for each Centrex lines shall be one-ninth of the maximum charge determined under paragraph (a)~~(d)(2)~~ of this section except that if a Centrex customer has fewer than nine lines, the maximum monthly PICC for those lines shall be the maximum charge determined under paragraph (a)~~(d)(2)~~ of this section divided by the customer's number of Centrex lines.

~~(2) In the event the monthly loop costs for a multi-line business line, as defined in § 69.152(b)(1), exceed the maximum permitted End User Common Line charge, as set in § 69.152(b)(3), the maximum monthly PICC for a Centrex line determined under paragraph (g)(1) of this section shall be increased by the difference between the monthly loop costs defined in § 69.152(b)(1) and the maximum permitted End User Common Line charge set in § 69.152(b)(3). In no event, however, shall the PICC for a Centrex line exceed the maximum established under paragraph (d)(2) of this section.~~

~~(h) If a local exchange carrier receives low income universal service support on behalf of a customer under § 54.403(d) of this chapter, then the local exchange carrier shall not recover a residential presubscribed interexchange carrier charge from that end-user customer or its presubscribed interexchange carrier. Any amounts recovered under § 54.403(d) of this chapter by the local exchange carrier shall be treated as if they were recovered through the presubscribed interexchange carrier charge.~~

§ 69.154 Per-minute carrier common line charge.

(a) Local exchange carriers may recover a per-minute carrier common line charge from interexchange carriers, collected on originating access minutes and calculated using the weighting method set forth in paragraph (c) of this section. The maximum such charge shall be the lower of:

(1) The per-minute rate that would recover annual common line revenues permitted less the maximum amounts allowed to be recovered under §§ 69.152 and 69.153; or

(2) The sum of the local switching, carrier common line and interconnection charge charges assessed on originating minutes on December 31, 1997, minus the local switching charges assessed on originating minutes.

(b) To the extent that paragraph (a) of this section does not recover from interexchange carriers all permitted carrier common line revenue, the excess may be collected through a per-minute charge on terminating access calculated using the weighting method set forth in paragraph (c) of this section.

(c) For each Carrier Common Line access element tariff, the premium originating Carrier Common Line charge shall be set at a level that recovers revenues allowed under paragraphs (a) and (b) of this section. The non-premium charges shall be equal to .45 multiplied by the premium charges.

§ 69.155 Per-minute residual interconnection charge.

(a) Local exchange carriers may recover a per-minute residual interconnection charge on originating access. The maximum such charge shall be the lower of:

(1) The per-minute rate that would recover the total annual residual interconnection charge revenues permitted less the portion of the residual interconnection charge allowed to be recovered under § 69.153; or

(2) The sum of the local switching, carrier common line and residual interconnection charges assessed on originating minutes on December 31, 1997, minus the local switching charges assessed on originating minutes, less the maximum amount allowed to be recovered under § 69.154(a).

(b) To the extent that paragraph (a) of this section prohibits a local exchange carrier from recovering all of the residual interconnection charge revenues permitted, the residual may be collected through a per-minute charge on terminating access.

(c) (1) No portion of the charge assessed pursuant to paragraphs (a) or (b) of this section that recovers revenues that the local exchange carrier anticipates will be reassigned to other, facilities-based rate elements, including the tandem-switching rate element described in § 69.111(g), the three-part tandem switched transport rate structure described in § 69.111(a)(2), and port and multiplexer charges described in § 69.111(l), shall be assessed upon minutes utilizing the local exchange carrier's local switching facilities, but not the local exchange carrier's transport service.

(2) If a local exchange carrier cannot recover its full residual interconnection charge revenues through the PICC mechanism established in § 69.153, and will consequently recover a portion of its residual interconnection charge revenues through per-minute charges assessed pursuant to paragraphs (a) and (b) of this section, then the local exchange carrier must allocate its residual interconnection charge revenues subject to the exemption established in paragraph (c)(1) of this section between the PICC and the per-minute residual interconnection charge in the same proportion as other residual interconnection charge revenues are allocated between these two recovery mechanisms.

§ 69.156 Marketing expenses.

(a) Local exchange carriers shall recover marketing expenses that are allocated to the Common Line and Traffic Sensitive baskets, and the switched services within the Trunking basket pursuant to §§ 32.6610 of this chapter and 69.403.

(b) The expenses described in paragraph (a) of this section may be recovered from ~~non-primary residential subscriber lines, by increasing the end user common line charge described in § 69.152(e). The amount of marketing expenses permitted to be recovered in this manner shall be the total marketing expenses described in paragraph (a) of this section divided by the sum of non-primary residential lines and multi-line business lines. In no event shall the end user common line charge for these lines exceed the lower of the ceilings established in § 69.152 (b)(3) and (e) (2)(ii).~~ Primary Residence, Single Line Business, Non-primary Residence and Multi-Line Business subscriber lines, by increasing or decreasing the end user common line charge described in §69.152. The amount of marketing expenses permitted to be recovered in this manner shall be the total marketing expenses described in paragraph (a) of this section divided by the sum of Primary Residence, Single Line Business, Non-primary and Multi-Line business lines. In no event shall the end user common line charge for these lines exceed the ceilings established in §69.152 (d) and (e) and (k).

~~(c) The expenses described in paragraph (a) of this section may be recovered from multi-line business subscriber lines, by increasing the end user common line charge described in § 69.152(b). The amount permitted to be recovered in this manner shall be the total marketing expenses described in paragraph (a) of this section divided by the sum of non-primary residential lines and multi-line business lines. In no event shall the end user common line charge for these lines exceed the ceiling established in § 69.152(b)(3).~~

(c) [Removed and reserved.]

(d) In the event that the ceilings set forth in paragraphs (b) ~~and (c)~~ of this section, and § 69.153(d) prevent a local exchange carrier from recovering fully the marketing expenses described in paragraph (a) of this section, the local exchange carrier may recover the remainder through a per-minute assessment on originating access minutes, so long as the charge for originating access does not exceed the amount defined in § 69.155(a)(2) less the maximum permitted to be recovered under § 69.155(a).

(e) In the event that the ceilings set forth in paragraphs (b)~~, (c)~~ and (d) of this section, and § 69.153(c~~d~~) prevent a local exchange carrier from recovering fully the marketing expenses described in paragraph (a) of this section, the local exchange carrier may recover the remainder through a per-minute assessment on terminating access minutes.

(f) The amount of marketing expenses that may be recovered each year shall be adjusted in accordance with the price cap rules set forth in part 61 of this chapter.

§ 69.157 Line port costs in excess of basic, analog service.

To the extent that the costs of ISDN line ports, and line ports associated with other services, exceed the costs of a line port used for basic, analog service, local exchange carriers may recover the difference through a separate monthly end user charge.

§ 69.158 **Universal Service End User Charges**

To the extent the company makes contribution to the Universal Service Support Mechanisms pursuant to § 54.706 and § 54.709 the ILEC may recover those contributions through a charge to end users. These contributions are not a part of any price cap baskets, and the charge to recover these contributions is not part of any other element established pursuant to Part 69. Such a charge may be assessed on a per line basis or as a percentage of interstate retail revenues, and at the option of the ILEC it may be combined for billing purposes with other end user retail rate elements. An ILEC opting to assess the USF end user rate element on a per line basis may apply that charge using the "equivalency" relationships established for the multiline business PICC for Primary Rate ISDN service, as per § 69.153(d), and for Centrex lines, per § 69.153(e).

§§ 69.201-69.205 [Removed]

§ 69.206 [Deleted]

§ 69.207 [Deleted]

§ 69.208 [Deleted]

§ 69.209 [Deleted]

§ 69.210 [Added]
[Deleted]

C

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
Price Cap Performance Review for Local Exchange Carriers	CC Docket No. 94-1

DECLARATION OF JOEL E. LUBIN

Pursuant to 28 U.S.C.϶ 1746, Joel E. Lubin deposes and states as follows:

1. My name is Joel E. Lubin. I am Public Policy Vice President for AT&T Corp. The purpose of this declaration is to explain AT&T's estimation of the amount of universal service support implicit in interstate common line rates based on the FCC's forward-looking cost methodology.

2. The Commission has previously determined that high-cost support should be based on the forward-looking costs of providing universal service. The estimate of $650 million of explicit universal service support necessary to replace implicit support in interstate access rates is consistent with that methodology. In our calculation, we used the forward-looking costs of the interstate subscriber line, including the port, as the cost standard for identifying the amount of support inherent in interstate access charges. We aggregated the serving wire centers in each study area into three cost zones: low, medium and high, such that the number of lines in each cost zone were roughly equal. Then, using the Commission's Synthesis Model, which measures the forward-looking costs of the loop and port, we compared the interstate portion (*i.e.*, 25%) of the average forward-looking cost within each cost zone against a maximum affordable subscriber line charge (SLC) cap of $7.00 per primary residential, non-primary residential and single-line business line, and $9.20 per multiline business line. To the extent that the forward-looking costs in a high-cost zone exceed the SLC cap, the difference represents an amount that should be funded by an explicit federal universal mechanism.

3. We estimated the aggregate increment to the explicit federal universal service mechanism across all price cap LEC study areas by using the Commission's Synthesis Model with the FCC-published inputs as of June 2, 1999. Our calculations also assume that the CALLS plan's pre-condition for the full $650 million in funding are implemented: *i.e.*, unbundled network element loop rates are deaveraged across the nation. The amount of funding based on forward-looking cost, using a projected line count for 2003, produces a funding requirement of $613 million in that year. Therefore, erring on the conservative side, $650 million per year represents a reasonable estimate of the necessary support.

/s/ Joel E. Lubin
Joel E. Lubin

August 18, 1999