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Federal Communications Commission **DA 99-1406**

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

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Forward-Looking Mechanism for High Support for Non-Rural LECs	)	CC Docket No. 97-160

ORDER

Adopted: July 19, 1999 Released: July 19, 1999

By the Acting Deputy Chief, Common Carrier Bureau:

1. In conjunction with the Commission's proceeding to select a forward-looking economic cost mechanism for determining the level of federal high cost support that eligible non-rural carriers will receive beginning January 1, 2000,[1] we request certain line count information from non-rural local exchange carriers and holding companies.[2] The requested information is necessary to enable the Commission to determine, on a timely basis, accurate line counts for non-rural carriers to be used in the forward-looking cost mechanism to estimate high cost support.

2. In the *Universal Service Order*, the Commission adopted a plan for universal service support for rural, insular, and high cost areas to replace longstanding federal subsidies to incumbent local telephone companies with explicit, competitively neutral federal universal

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[1] *Federal State Joint Board on Universal Service,* Report & Order, CC Docket No. 96-45, 12 FCC Rcd 8776, 8888 (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 Federal-State Joint Board on Universal Service, Access Charge Reform*, Seventh Report & Order and Thirteenth Order on Reconsideration in CC Docket No. 96-45; Fourth Report & Order in CC Docket No. 96-262; and Further Notice of Proposed Rulemaking, CC Docket Nos. 96-45, 96-262, FCC 99-119 (rel. May 28, 1999) at para. 19 (*High Cost Methodology Order*).

[2] *See infra* para. 7.

service support mechanisms.[3] Specifically, the Commission adopted the recommendation of the Federal-State Joint Board on Universal Service (Joint Board) that an eligible carrier's level of universal service support should be based on the forward-looking economic cost of constructing and operating the network facilities and functions used to provide the services supported by the federal universal service support mechanisms.[4]

3. Our plan to adopt a mechanism to estimate forward-looking cost has proceeded in two stages. On October 28, 1998, the Commission completed the first stage of this proceeding with the selection of the model platform.[5] The platform encompasses the aspects of the model that are essentially fixed, primarily assumptions about the design of the network and network engineering. We are in the process of completing the second stage of this proceeding with the selection of input values for the model, such as the cost of cables, switches, and other network components.[6] As part of this process, we find that specific line count information from non-rural local exchange carriers and holding companies is necessary to allow the Commission to accurately determine the level of federal high cost support.

4. *Purpose of Data Request.* This data request is being issued to assist the Commission in implementing the forward-looking economic cost mechanism used to estimate the amount of universal service support that will be provided to eligible non-rural carriers beginning January 1, 2000.

5. *Carriers Subject to Data Request.* The following non-rural local exchange carriers and holding companies must respond to this data request:[7] Aliant Communications

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[3] *Universal Service Order*, 12 FCC Rcd at 8888-8951, paras. 199-325.

[4] *Universal Service Order*, 12 FCC Rcd at 8888, para. 199.

[5] *Federal-State Joint Board on Universal Service*, Fifth Report and Order, CC Docket Nos. 96-45, 97-160, 13 FCC Rcd 21323 (1998) (*Platform Order*).

[6] *See Federal-State Joint Board on Universal Service, Forward-Looking Mechanism for High Cost Support for Non-Rural LECs*, Further Notice of Proposed Rulemaking, CC Docket Nos. 96-45, 97-160, FCC 99-120 (rel. May 28, 1999) (*Inputs Further Notice*).

[7] In the *Universal Service Order*, the Commission determined that non-rural carriers will begin to receive support based on forward-looking economic cost on January 1, 1999. *Universal Service Order*, 12 FCC Rcd at 8889, 8927, paras. 203, 273. By non-rural carriers, we mean those carriers that do not meet the definition of a "rural telephone company" in section 3(37) of the Communications Act. 47 U.S.C. § 153(37). To the extent that a non-rural carrier meets the definition of a rural telephone company in certain of its study areas, we do not require submission of data with respect to those study areas. Section 3(37) provides that:

> The term "rural telephone company" means a local exchange carrier operating entity to the extent that such entity --

Company, Ameritech, Anchorage Telephone Utility, Bell Atlantic, BellSouth, Cincinnati Bell, Frontier Corporation, GTE, North State Telephone Company, Puerto Rico Telephone Company, Roseville Telephone Company, Southern New England, Southwestern Bell, U S West, and United Telephone System.

FILING PROCEDURES

6. *Instructions for Data Request.* Respondents shall comply with this data request by responding to the questions in the attached spreadsheet using Excel software, version 7.0 or a prior version, and by providing other information in the format indicated in the data request. Respondents may obtain the attached spreadsheet from the Commission's Web site at **http://www.fcc.gov/ccb/universal_service**. Because responses will be electronically compiled into a consolidated database, respondents should not insert, delete, or move any rows, columns, or text other than those that are necessary for a complete response. "Not applicable" responses should be designated by entering "NA" in the appropriate data cell and must be explained on a separate sheet of paper.

7. *Data Request.*

Question No. 1. This question seeks information on line counts based on voice equivalent channels.

For the year ending December 31, 1998, indicate how many of each of the following lines there are for each wirecenter in each of your study areas:

(a) business lines (column B);

(b) residential lines (column C);

(c) special lines (column D);

(A) provides common carrier service to any local exchange carrier study area that does not include either --

(i) any incorporated place of 10,000 inhabitants or more, or any part thereof, based on the most recently available population statistics of the Bureau of the Census; or

(ii) any territory, incorporated or unincorporated, included in an urbanized area, as defined by the Bureau of the Census as of August 10, 1993;

(B) provides telephone exchange service, including exchange access, to fewer than 50,000 access lines;

(C) provides telephone exchange service to any local exchange carrier study area with fewer than 100,000 access lines; or

(D) has less than 15 percent of its access lines in communities of more than 50,000 on the date of enactment of the Telecommunications Act of 1996.

(d) payphone lines (column E); and,

(e) single business lines (column F).

For purposes of responding to Question No. 1, the following definitions apply[8]:

(a) The term "business lines" is defined as voice-grade equivalent analog or digital switched access lines to business customers. When calculating the total of "business lines" include the following:

(i) Analog Single Line Business Access Lines (4 kHz or Equiv.) - Includes single line business access lines subject to the single line business interstate end user common line charge, pursuant to section 69.104(h) of the Commission's rules - excluding company official, mobile telephone/pagers and payphone lines. Payphone lines are to be reported separately as provided below.

(ii) Analog Multiline Business Access Lines (4 kHz or Equiv.) - Includes the total of analog multiline business access lines subject to the multiline business interstate end user common line charge including PBX trunks, Centrex-CU trunks, hotel/motel LD trunks and Centrex-CO lines. Payphone lines are to be reported separately as provided below.

(iii) Digital Business Access Lines (64 kbps or Equiv.) - Includes all equivalent 64 kbps digital business access lines. To be classified as digital, the access lines must be terminated at the customer end as digital lines or be available for use by the customer digital lines. This will not include access lines from a digital switch if the lines themselves are not terminated at the customer's premises as digital lines. Payphone lines are to be reported separately as provided below.

(b) The term "residential lines" is defined as equivalent analog or digital switched access lines to residential customers. When calculating the total of "residential lines," include the following:

(i) Analog Residential Access Lines (4 kHz or Equiv.) - Includes the total number of equivalent 4 kHz analog switched access lines to residential customers.

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[8] The definitions in items (a), (b), and (d), reflect those utilized in FCC Report 43-08, the ARMIS Operating Data Report, Table III. The definition in item (e) reflects that utilized in FCC Report 43-01, the ARMIS Annual Summary Report, Table II.

(ii) Digital Residential Access Lines (64 kbps or Equiv.) - Includes all equivalent 64 kbps digital residential access lines. To be classified as digital, the access lines must be terminated at the customer end as digital lines or be available for use by the customer digital lines. This will not include access lines from a digital switch if the lines themselves are not terminated at the customer's premises as digital lines.

(c) The term "special lines" is defined as total special lines connecting an end user's premises to an interexchange carrier point of presence, including private lines provided by the local carrier which originate and terminate in the same LATA. When calculating the total of "special lines," include the following:

(i) Analog Special Lines (Non-Switched)(4 kHz or Equiv.) - The total number of 4 kHz or equivalent analog special lines.

(ii) Digital Special Lines (Non-Switched)(64 kbps or Equiv.) - The total number of 64 kbps or equivalent digital special lines terminated at the customer location. Where DS-3 or DS-1 service is provided without individual 64 kbps circuit terminations, multiply the number of DS-3 terminations by 672 and the number DS-1 terminations by 24 when calculating the number of lines. In the above calculation, only use those DS-1's and DS-3's for which the customer is billed. Do not double count 64 kbps circuits associated with DS-1 service where the 64 kbps circuits are customer-derived.

(d) The term "payphone lines" is defined as lines that provide payphone service, i.e., total coin (public and semi-public) lines, including customer owned pay telephones.

(e) The term "single business lines" is defined as single line business access lines subject to the single line business interstate end user common line charge, pursuant to section 69.104(h) of the Commission's rules, excluding company official, mobile telephone/pagers, off-premises extensions, and special access.

Question No. 2. This question seeks information on line counts based on facilities.

For the year ending December 31, 1998, indicate how many of each of the following lines there are for each wirecenter in each of your study areas:

(a) business lines (column B);

(b) special lines (column C).

When responding to this question, switched lines should only be counted as part of the

wire centers in which they are switched. When counting lines only the actual number of subscriber lines used to provide the service should be included, not the voice frequency equivalent. For example, DS-1 service provided over two copper pairs should be counted as two subscriber lines. Foreign exchange lines or trunks should be counted as non-switched in the wire center where the customer loop is located. Where switched lines are served via a concentrator or carrier system, the actual number of customer lines served should be counted, not the transmission channels at the wire center.

8. *Confidential Information.* If a respondent considers that its response to any portion of this data request constitutes confidential commercial or financial information, the respondent should comply with section 0.459 of the Commission's rules and should observe the following procedure: the respondent should complete the entire data request with the exception of those specific responses that are considered confidential information. This expurgated version should be filed and distributed in accordance with section 0.459 of the Commission's rules and the instructions found in "Responses to Data Request," below. The respondent should then duplicate the filed computer disks and paper copies, add the confidential data, and return one full confidential copy to Gene Fullano, Accounting Policy Division, Common Carrier Bureau, Federal Communications Commission, 445 12th Street, SW, Room 5-B550, Washington, DC 20554. Each confidential disk and paper copy must be clearly marked "Confidential." In addition, the confidential disks and paper copies must be accompanied by a completed copy of the "Designation of Confidential Information" form attached to these instructions. The "Designation of Confidential Information" form must be signed by an authorized corporate officer or agent, and must list by question number all of the data responses considered confidential commercial or financial information. For each such response, indicate the reason for withholding the information from public inspection, and the facts on which those reasons are based. Copies of the "Designation of Confidential Information" form must also be filed and distributed with the expurgated data response, in accordance with the instructions found in "Responses to Data Request," below.

9. *Protective Order.* Information submitted pursuant to this data request will be treated in accordance with the Protective Order adopted by the Commission in this proceeding.[9] Notwithstanding the provisions of Article 9 of the Protective Order, for purposes of this data request, information designated as "Confidential Information" pursuant to the terms of the Protective Order shall be delivered to an Authorized Representative of a Reviewing Party, as those terms are defined for purposes of the Protective Order. Such material shall be sent by first class mail, Federal Express or its equivalent within five business days of receipt of a request for such material.

10. *Public Reporting Burden.* We have estimated that each response to this

[9] *See Federal-State Joint Board on Universal Service*, Protective Order, CC Docket Nos. 96-45, 97-160, 13 FCC Rcd 13910 (1998).

collection of information will take, on average, 112 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERM, Washington, D.C. 20554, Paperwork Reduction Project (3060-0902). We also will accept your comments via the Internet if you send them to jboley@fcc.gov. Please **DO NOT SEND COMPLETED DATA REQUEST RESPONSES TO THIS ADDRESS.**

11. *OMB Approval.* Approved by OMB, 3060-0902, Expires 1/31/2000, Burden hour per respondent: 112 average. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the agency displays a currently valid control number.

12. *Questions.* Any questions regarding the data request or problems in completing it should be communicated to Gene Fullano 202-418-7400, GFullano@fcc.gov.

13. *Responses to Data Request.* Responses must be submitted on or before July 30, 1999. For a response to be complete, it must include a paper copy of the completed Excel spreadsheet and an electronic copy of the completed Excel spreadsheet on one or more 3.5" computer diskettes. Respondents should create a separate electronic file for each study area for each year requested and name each file so that the files can be identified and sorted by study area and year. A signed original and a complete paper copy of each respondent's response and one copy of information in the prescribed electronic format shall be filed with the Office of the Secretary, Federal Communications Commission, 445 12th Street, S.W., Washington, DC 20554. Two complete paper copies, and two copies of information in the prescribed electronic formats, shall be transmitted to Sheryl Todd, Accounting Policy Division, Common Carrier Bureau, Federal Communications Commission, 445 12th Street, SW, Room 5-A523, Washington, DC 20554. One paper copy and one copy of information in the prescribed electronic format shall be transmitted to the Commission's copy contractor, International Transcription Service, 1231 20th Street, N.W., 8th floor, Washington, DC 20036.

ORDERING CLAUSE

14. Accordingly, pursuant to sections 5(c), 201-205, 220(c), 254 and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 155(c), 201-205, 220(c), 254, and 403, and sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, it is HEREBY ORDERED that Aliant Communications Company, Ameritech, Anchorage Telephone Utility, Bell Atlantic, BellSouth, Cincinnati Bell, Frontier Corporation, GTE, North State Telephone Company, Puerto Rico Telephone Company, Roseville Telephone Company, Southern New England, Southwestern Bell, U S West, and United Telephone System shall complete the attached Line Count Data Request in the prescribed formats, and file their responses to the data request with the Commission by **July 30, 1999.**

FEDERAL COMMUNICATIONS COMMISSION

for Lisa M. Zaina
Acting Deputy Chief, Common Carrier Bureau

DESIGNATION OF CONFIDENTIAL INFORMATION

I hereby certify that the information designated as confidential in the attached response(s) to this Data Request is protected by _____ (name of company) as confidential or financial information:

SIGNATURE: _____

TITLE: _____

ADDRESS: _____

_____

TELEPHONE: _____

FAX: _____

On a separate sheet of paper, please list the responses designated confidential, by chart number and column letter, a statement of the reasons for withholding the information from the public record, and the facts on which those reasons are based.

Approved by OMB
3060-0902
Expires 01/31/2000
Burden hour per respondent: 112 average.

STATEMENT OF COMMISSIONER HAROLD FURCHTGOTT-ROTH

Re: Federal-State Joint Board on Universal Service, Forward-Looking Mechanism for High Support for Non-Rural LECs; (CC Docket Nos. 96-45, 97-160).

Today, the Common Carrier Bureau releases an Order "requesting" certain information from fifteen local exchange carriers.[1] I write to state my objection to the continued placement of demands on local exchange carriers for the purposes of developing a complex, universal service model that few people understand.

I have repeatedly objected to the Commission's adoption of any federal model. I believe that the model platform is not suited to accurately estimate the costs of an efficient local exchange carrier to provide universal service. As I have indicated previously, the regulation of markets through models is inherently inequitable. Regulation based on accounting rules or even simpler rules may provide -- at any moment in time -- a less accurate portrayal of a competitive market than an economic cost model potentially could. Simpler rules such as accounting rules, however, are far more transparent to the world, are not easily corrupted, are easily appealed, and provide a greater degree of market certainty and stability. As an economist, I have spent much of my professional life building and evaluating economic models; I do not believe that a hypothetical proxy model can or should be used to determine the cost -- whether actual or forward- looking -- of providing service to every individual, including those located in the most remote regions of our country.

Today, at the eleventh hour, we discover the need for additional information. How many more massive data requests do we need to bring the model to completion?

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[1] Despite the Bureau's characterization of this Order as a "request," I note that the ordering clause of this Order reveals that, indeed, carriers may not decline. *See* Federal-State Joint Board on Universal Service, Forward-Looking Mechanism for High Support for Non-Rural LECs, at para. 14 ("it is HEREBY ORDERED that [certain local exchange carriers] shall complete [the attached data request].")

Company Name

Approved by OMB
3060-0902
Expires 01/31/2000

	A	B	C	D	E	F
1			Company Name			
2			Question 1 Voice Equivalent Line Counts			
3	Month	Bus Lines	Res Lines	Special	Payphone	SLBus
4	AAAAAAAA	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
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8						
9						
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Company Name

Approved by OMB
3060-0902
Expires 01/31/2000

	A	B	C	D	E	F
1						
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49						
50						

Approved by OMB
3060-0902
Expires 01/31/2000

Company Name

	A	B	C
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Company Name

Approved by OMB
3060-0902
Expires 01/31/2000

	A	B	C
1	Company Name		
2	Question 2: Facility Line Counts		
3	CLLI	BusLines	Special
49			
50			