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STATE MEMBERS

FEDERAL STATE JOINT BOARD ON SEPARATIONS

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 27, 1999

The Honorable William Kennard
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: State Member Request For the FCC To Notice and Solicit Comment on Cost Study Analysis Tool - Filed in proceeding captioned - *In the Matter of Jurisdictional Separations Reform and Referral to the Federal- State Joint Board*, CC Docket No. 80-286

Dear Chairman Kennard:

The State Members of the Federal State Joint Board on Separations - Oregon Commissioner Joan Smith, Maine Commissioner Thomas Welch, and Iowa Commissioner Diane Munns - believe that the cost study analysis tool described in the attached document can assist the Joint Board in evaluating the financial effects of various options and issues to be addressed in the ongoing comprehensive review of the Part 36 rules.

The attachment conveys the State Member's formal request for the FCC to solicit comments on the usefulness of this tool as soon as possible.

I have attached a disk with the model included to this transmittal. Copies of the cost study analysis tool will also be posted with the attached State Member memorandum to the National Association of Regulatory Utility Commissioner's webpage at http:/www.naruc.org.

Thank you for your attention to this request.

Sincerely,

J. Bradford Ramsay

Counsel to State Members

No. of Copies rec'd 0+12
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October 21, 1999

FORMAL REQUEST FROM STATE MEMBERS

For Notice and Comment on

SEPARATIONS SIMULATION COST STUDY TOOL

Introduction

The FCC issued a Notice of Proposed Rulemaking (NPRM) in Jurisdictional Separations Reform and Referral to the Federal-State Joint Board, CC Docket 80-286 on October 7, 1997 (FCC 97-354). The goal of the NPRM was a comprehensive review of the Part 36 separations rules to consider changes that may need to be made in light of changes in the telecommunications industry. The proposals set forth in the NPRM were referred to the Federal-State Joint Board established in CC Docket 80-286 (Separations Joint Board) for preparation of a recommended decision. On December 21, 1998, the State Members of the Separations Joint Board filed a state report on Comprehensive Review of Separations setting forth additional issues to be addressed by the Joint Board. Interested parties filed comments and replies on the NPRM and the state report.

The Separations Joint Board is reviewing and deliberating the various proposals, recommendations and tentative conclusions contained in the NPRM, the State Report and parties' comments. In crafting any recommended decision or proposals for a Further NPRM, the Separations Joint Board may need to estimate any cost shifts that could result from different separations approaches. To this end, the State Members of the Separations Joint Board propose using a simulation cost study tool developed in Excel and used successfully by the Public Utility Commission of Oregon in various adjudicatory proceedings before the commission since 1985. This cost study tool would assist the Joint Board in evaluating the cost shift effects of proposed separation rule changes on Incumbent Local Exchange Carriers (ILECs) subject to 47 C.F.R. Part 36 rules.

The cost study tool applies the current Part 36 rules to an ILEC's ARMIS 43-04 information. The study develops a base case interstate and intrastate revenue requirement using company-specific information. An input sheet is included which allows the user to change various traffic factors, plant categorizations, tax rates and ROR. Adjusted interstate and intrastate revenue requirements and resultant cost shifts associated with the changes are calculated.

To demonstrate its possible use, we estimated the theoretically possible effects of two recent FCC decisions, the reciprocal compensation order and the order on the GTE ADSL tariff filing. The estimated results presented here, of course, depend upon assumptions that are explained below.

The State Members believe that the Excel cost study tool provides the Joint Board with the flexibility not available with other tools used to evaluate financial effects of changes to separations rules. The State Members also believe that state regulators and other parties affected by changes to jurisdictional cost separations will find the cost study tool helpful in evaluating how such changes could affect them as they estimate rate impacts.

Internet Dial-up Access Services

The FCC, in its reciprocal compensation order, declared that dial-up access to the Internet is an interstate service. The order states:

> Although the Commission has recognized that enhanced service providers (ESPs), including ISPs, use interstate access services, since 1983 it has exempted ESPs from the payment of certain access charges. Pursuant to this exemption, ESPs are treated as end users for purposes of assessing access charges, and the Commission permits ESPs to purchase their links to the public switched telephone network (PSTN) through intrastate business tariffs rather than through interstate access tariffs. In addition, incumbent LEC expenses and revenue associated with ISP-bound traffic traditionally have been characterized as intrastate for separations purposes. Thus, the Commission continues to discharge its interstate regulatory obligations by treating ISP-bound traffic as though it were local.[1]

The FCC's decision to treat the minutes associated with interstate dial-up Internet service as intrastate, when such services are ordered under an intrastate tariff, would under current rules assign relatively more costs to the intrastate jurisdiction. The State Members of the Joint Board used the cost study tool to estimate the relative magnitude of the costs that would have been allocated to the interstate jurisdiction if the FCC's finding that Internet traffic is interstate had been accompanied by a conclusion that Internet minutes should be counted as interstate for separations purposes.

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[1] In the Matter of Inter-Carrier Compensation for ISP-Bound Traffic and Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket Nos. 99-68 and 96-98, (rel.

The study allows entry of the percentage of intrastate minutes attributable to Internet usage and then reassigns that usage to the interstate jurisdiction. Separate adjustment factors are available for Subscriber Line Usage (SLU), Dial Equipment Minutes (DEM), Exchange Trunk Minutes of Use (MOU), Host/Remote MOU per Kilometer (Km), Conversation MOU and Conversation MOU Km factor.

For purposes of developing an initial estimate, the State Members estimated that 20% of the total intrastate local switching minutes are associated with dial-up Internet services. Since not all of the local switching minutes associated with dial-up Internet necessarily use trunks, it is possible that at least some of the dial-up Internet traffic will only be switched within the ISP's local switch. Therefore, we allocated 15% of the total intrastate usage for message trunks to the interstate jurisdiction. Similarly, not all of the dial-up Internet trunking usage would be routed to a tandem switch. We assumed that 10% of the intrastate tandem minutes would be reallocated as interstate. Finally, we allocated 20% of the intrastate Host/Remote MOU Km, 2% of the intrastate Conversation MOU and 2% of the intrastate Conversation MOU Km to the interstate jurisdiction. These numbers are averages and will not necessarily apply to individual companies or individual states.

Using these assumptions, and compared to the base case revenue requirement calculation, it appears that the effect of moving Internet minutes to the interstate jurisdiction would be a shift in costs of about $2.8 billion annually nationwide (about $1.40 per line per month) to the interstate jurisdiction.

GTE ADSL Tariff Order

Currently, Part 36 rules categorize loop investment into three categories: intrastate private line, interstate private line, and joint message. Private line costs associated with the loop are directly allocated to the appropriate jurisdiction. Joint use loop costs are allocated between the interstate and intrastate jurisdictions using a 25%/75% allocation factor. These rules were adopted prior to deployment of advanced high capacity services such as ADSL.

February 26, 1999) ¶ 5.

In a 1998 decision regarding a GTE ADSL tariff filing[2], the FCC directed that ADSL-capable loops be categorized as joint message loops, with no additional loop costs allocated to the interstate jurisdiction beyond the existing 25%. GTE argued that ADSL is incremental to the existing message telephone loop and therefore it remained appropriate to allocate costs of ADSL-capable lines using the 25% factor. ADSL service often requires a higher quality loop than is necessary for standard telephone service and several utilities have installed fiber in the loop to provide ADSL and other broadband services. Moreover, "voice" information may be a minimal component of the total ADSL capability. Therefore, it is possible to view voice services as incremental to ADSL service, and thus view voice investment as incremental to ADSL investment. The FCC's conclusion that ADSL is an interstate service thus raises the question of whether the allocation of ADSL investment costs which today are separated as joint use facilities, should instead be treated as dedicated interstate private line facilities, or should be allocated between the jurisdictions on some other basis.

To estimate the potential dollar impact of such a change in cost assignment, the State Members adjusted the base case scenario by shifting a percentage of investment reported under Central Office Equipment (COE) Category 4.13 Joint Use and also Cable and Wire Facilities (CWF) Category 1.3 Joint Use. This investment was shifted from joint use to dedicated interstate private line categories. The cost study tool allows the user to vary the percentages of investment to be shifted from joint message use to dedicated interstate private line.

For purposes of initial analysis, the State Members have assumed an adjustment factor based on the number of subscriber or common lines that are ADSL capable. We further assumed that, for every carrier, 30% of existing joint use subscriber or common lines are ADSL-capable. We note that some companies have 100% of their loops ADSL-capable. The proper percentages certainly will vary by individual exchanges, by individual companies as well as individual states.

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[2] GTE Tel. Operating Cos. GTOC Transmittal No. 1148, CC Docket No. 98-79, FCC 98-292, Memorandum Opinion and Order (rel. Oct. 30, 1998) GTE argued that its ADSL service is properly tariffed at the federal level on the ground that it's similar to existing special access services that are subject to federal regulation under the mixed-use facilities rule because more than ten percent of the traffic is interstate. ¶ 23.

Using these assumptions, the State Members found that if ADSL services were no longer treated as joint use but instead as private line, an additional $8.3 billion, or $4.19 per line per month, would be, under current separations rules, assigned to the interstate jurisdiction with a corresponding reduction in the assignment to the intrastate jurisdiction.

Other Model Assumptions

Because there are numerous individual state and local income tax rates, as well as, state PUC fee rates, the simulation study does not attempt to model all of these specific rates. These rates were set to zero for purposes of this example. In addition, we used the fixed charges and other tax adjustments as reported in ARMIS. There is a provision in the input worksheet to calculate the fixed charges based on the weighted cost of debt. Finally, the simulation study uses the current FCC approved rate of return (11.25%) for all jurisdictions.

Conclusion

The State Members believe that the cost study analysis tool described here can provide useful information to the Joint Board as we continue discussion of the comprehensive review of Part 36 rules. We believe, in particular, that this analysis tool should assist us in evaluating the financial effects of various options and issues to be addressed in the comprehensive review proceeding.

We respectfully request that the FCC promptly solicit comments on the usefulness of this tool.

Summary of Potential Cost Shifts to the Intrastate Jurisdiction

State	Company	Internet & ADSL Rev Req /Ln/Mo	Internet & ADSL Total Rev Req Amt	Internet & ADSL % Change	Internet Only Rev Req /Ln/Mo	Internet Only Total Rev Req Amt	Internet Only % Change	ADSL Only Rev Req /Ln/Mo	ADSL Only Total Rev Req Amt	ADSL Only % Change
AL	Contel SO-Alabama	$8.16	$11,424,947	14.18%	$2.11	$2,954,223	3.67%	$6.05	$8,470,724	10.51%
AL	GTE SO-Alabama	$8.39	$15,718,644	13.41%	$1.94	$3,642,741	3.11%	$6.44	$12,075,903	10.30%
AL	BellSouth-Alabama	$6.69	$154,129,805	14.51%	$1.54	$35,491,096	3.34%	$5.15	$118,638,709	11.17%
	TOTAL Alabama	$6.89	$181,273,396		$1.60	$42,088,059		$5.29	$139,185,337	
AR	GTE SW-Arkansas	$9.82	$9,943,364	12.65%	$2.11	$2,139,547	2.72%	$7.71	$7,803,816	9.92%
AR	Southwestern - Arkansas	$6.71	$75,831,112	13.70%	$1.10	$12,446,628	2.25%	$5.61	$63,384,484	11.45%
	TOTAL Arkansas	$6.97	$85,774,475		$1.19	$14,586,175		$5.78	$71,188,300	
AZ	Contel/Arizona	$8.74	$797,748	10.94%	$2.25	$205,180	2.82%	$6.49	$592,568	8.13%
AZ	U S WEST-Arizona	$6.20	$204,530,239	13.95%	$1.12	$37,124,764	2.53%	$5.07	$167,405,475	11.42%
	TOTAL Arizona	$6.20	$205,327,987		$1.13	$37,329,945		$5.08	$167,998,042	
CA	GTE NW-West Coast California	$8.71	$1,348,772	11.22%	$2.05	$317,029	2.64%	$6.66	$1,031,744	8.58%
CA	Contel/California	$6.63	$29,314,696	10.65%	$1.97	$8,701,630	3.16%	$4.67	$20,613,066	7.49%
CA	GTE/California	$5.48	$264,698,248	11.31%	$1.72	$82,842,685	3.54%	$3.77	$181,855,563	7.77%
CA	Pacific Bell - California	$4.47	$956,828,396	11.41%	$1.38	$295,048,692	3.52%	$3.09	$661,779,704	7.89%
	TOTAL California	$4.69	$1,252,190,112		$1.45	$386,910,035		$3.24	$865,280,077	
CO	U S WEST-Colorado **TOTAL Colorado**	$7.44	$239,265,123	13.31%	$1.38	$44,228,953	2.46%	$6.07	$195,036,170	10.85%
CT	SNET-Connecticut **TOTAL Connecticut**	$6.04	$156,216,039	10.90%	$1.59	$41,196,220	2.88%	$4.45	$115,019,819	8.03%
DC	Bell Atlantic-Washington D.C. **TOTAL DC**	$3.46	$37,460,132	9.01%	$1.48	$16,080,130	3.87%	$1.97	$21,380,002	5.14%
DE	Bell Atlantic-Delaware **TOTAL Delaware**	$4.65	$30,732,148	13.47%	$0.90	$5,943,687	2.60%	$3.75	$24,788,460	10.86%
FL	Sprint - Florida, Inc.	$5.94	$143,021,116	13.31%	$1.56	$37,603,873	3.50%	$4.38	$105,417,243	9.81%
FL	GTE-Florida	$6.44	$178,771,141	13.80%	$1.43	$39,810,560	3.07%	$5.00	$138,960,580	10.73%
FL	BellSouth-Florida	$5.45	$423,167,994	13.38%	$1.01	$78,357,801	2.48%	$4.44	$344,810,193	10.91%
	TOTAL Florida	$5.75	$744,960,251		$1.20	$155,772,234		$4.55	$589,188,017	
GA	Alltel Georgia	$8.68	$31,377,850	15.99%	$1.93	$6,979,479	3.56%	$6.75	$24,398,371	12.44%
GA	BellSouth-Georgia	$6.23	$306,542,933	13.63%	$1.21	$59,750,396	2.66%	$5.01	$246,792,537	10.97%
	TOTAL Georgia	$6.39	$337,920,783		$1.26	$66,729,875		$5.13	$271,190,907	
HI	Hawaiian Telephone **TOTAL Hawaii**	$6.56	$54,902,919	10.68%	$2.20	$18,384,266	3.58%	$4.36	$36,518,653	7.11%

Summary of Potential Cost Shifts to the Intrastate Jurisdiction

State	Company	Internet & ADSL Rev Req /Ln/Mo	Internet & ADSL Total Rev Req Amt	Internet & ADSL % Change	Internet Only Rev Req /Ln/Mo	Internet Only Total Rev Req Amt	Internet Only % Change	ADSL Only Rev Req /Ln/Mo	ADSL Only Total Rev Req Amt	ADSL Only % Change
IA	GTE MD-Iowa	$7.46	$10,770,169	12.62%	$2.45	$3,543,790	4.15%	$5.00	$7,226,379	8.47%
IA	GTE MD-Contel Systems of Iowa	$6.27	$4,712,068	12.27%	$1.71	$1,285,276	3.35%	$4.56	$3,426,792	8.92%
IA	GTE MD-Contel-Iowa	$5.76	$6,563,777	13.25%	$2.06	$2,340,165	4.72%	$3.71	$4,223,612	8.52%
IA	U S WEST-Iowa	$4.62	$60,748,419	11.16%	$1.29	$16,900,228	3.11%	$3.34	$43,848,191	8.06%
	TOTAL Iowa	$5.03	$82,794,433		$1.46	$24,069,459		$3.57	$58,724,973	
ID	GTE NW-Idaho	$8.82	$12,644,110	12.13%	$1.65	$2,365,494	2.27%	$7.17	$10,278,616	9.86%
ID	U S WEST-Idaho(PNB)	$6.14	$2,440,138	14.07%	$1.20	$474,936	2.74%	$4.95	$1,965,202	11.33%
ID	U S WEST-Idaho	$5.31	$31,946,459	12.65%	$0.99	$5,922,913	2.34%	$4.33	$26,023,546	10.30%
	TOTAL Idaho	$6.00	$47,030,707		$1.12	$8,763,343		$4.88	$38,267,364	
IL	GTE SO-Illinois	$8.38	$4,320,641	16.07%	$3.23	$1,662,647	6.18%	$5.16	$2,657,993	9.88%
IL	GTE NO-Illinois	$6.02	$47,775,701	12.44%	$1.93	$15,340,441	4.00%	$4.09	$32,435,260	8.45%
IL	GTE NO-Contel/Illinois	$5.45	$12,533,111	13.82%	$1.94	$4,450,572	4.91%	$3.52	$8,082,540	8.91%
IL	Illinois Bell	$4.05	$333,919,446	11.99%	$1.16	$95,182,437	3.42%	$2.90	$238,737,009	8.57%
	TOTAL Illinois	$4.28	$398,548,900		$1.25	$116,636,097		$3.03	$281,912,803	
IN	United Tel of Indiana	$6.27	$17,807,908	13.89%	$1.99	$5,660,485	4.42%	$4.28	$12,147,423	9.48%
IN	Contel SO-Indiana	$7.90	$1,007,880	17.33%	$1.98	$252,841	4.35%	$5.92	$755,040	12.98%
IN	GTE NO-Indiana	$6.07	$52,640,499	12.96%	$1.68	$14,603,129	3.59%	$4.39	$38,037,370	9.36%
IN	GTE NO-Contel/Indiana	$5.61	$12,294,792	14.35%	$1.42	$3,116,622	3.64%	$4.19	$9,178,171	10.72%
IN	Indiana Bell	$4.41	$116,140,610	13.72%	$1.17	$30,872,772	3.65%	$3.24	$85,267,838	10.07%
	TOTAL Indiana	$4.98	$199,891,690		$1.36	$54,505,849		$3.62	$145,385,841	
KS	Southwestern - Kansas **TOTAL Kansas**	$6.22	$99,092,375	12.24%	$1.26	$20,031,368	2.47%	$4.96	$79,061,007	9.77%
KY	GTE SO-Contel-Kentucky	$8.71	$9,883,319	13.36%	$1.80	$2,043,762	2.76%	$6.91	$7,839,557	10.60%
KY	GTE SO-Kentucky	$8.00	$39,265,683	13.70%	$2.09	$10,276,173	3.58%	$5.91	$28,989,511	10.11%
KY	BellSouth-Kentucky	$6.16	$88,279,741	13.92%	$1.26	$18,047,395	2.85%	$4.90	$70,232,346	11.07%
	TOTAL Kentucky	$6.74	$137,428,743		$1.49	$30,367,330		$5.25	$107,061,414	
LA	BellSouth-Louisiana **TOTAL Louisiana**	$6.00	$166,900,099	13.80%	$1.35	$37,680,441	3.11%	$4.65	$129,219,658	10.68%
MA	BA Massachusetts **TOTAL Massachusetts**	$5.18	$276,234,421	9.88%	$1.56	$83,053,671	2.97%	$3.62	$193,180,750	6.91%
MD	Bell Atlantic-Maryland **TOTAL Maryland**	$5.09	$219,781,982	13.22%	$1.29	$55,455,406	3.34%	$3.81	$164,326,577	9.88%
ME	Bell Atlantic Maine **TOTAL Maine**	$6.91	$56,510,875	11.96%	$1.82	$14,916,309	3.16%	$5.09	$41,594,566	8.80%
MI	Contel SO-Michigan	$8.00	$5,023,986	16.51%	$1.86	$1,170,987	3.85%	$6.14	$3,852,998	12.66%
MI	GTE NO-Michigan	$7.20	$58,577,821	13.99%	$1.61	$13,082,561	3.12%	$5.59	$45,495,260	10.87%
MI	Michigan Bell	$4.31	$274,765,270	11.51%	$1.19	$75,594,431	3.17%	$3.12	$199,170,840	8.34%
	TOTAL Michigan	$4.66	$338,367,077		$1.24	$89,847,979		$3.43	$248,519,098	

Summary of Potential Cost Shifts to
the Intrastate Jurisdiction

State	Company	Internet & ADSL Rev Req /Ln/Mo	Internet & ADSL Total Rev Req Amt	Internet & ADSL % Change	Internet Only Rev Req /Ln/Mo	Internet Only Total Rev Req Amt	Internet Only % Change	ADSL Only Rev Req /Ln/Mo	ADSL Only Total Rev Req Amt	ADSL Only % Change
MN	U S WEST-Minnesota **TOTAL Minnesota**	$4.61	$126,873,268	11.37%	$1.25	$34,452,056	3.09%	$3.36	$92,421,212	8.28%
MO	United Tel of Missouri	$7.64	$23,420,712	13.84%	$1.57	$4,809,509	2.84%	$6.07	$18,611,203	11.00%
MO	GTE MD-Contel Systems of Missouri	$8.35	$5,343,520	14.38%	$1.92	$1,225,836	3.30%	$6.44	$4,117,684	11.08%
MO	GTE MD-Contel of Eastern Missouri	$11.80	$594,680	13.87%	$2.69	$135,549	3.16%	$9.11	$459,131	10.71%
MO	GTE MD-Missouri	$7.62	$11,704,435	14.88%	$1.89	$2,910,066	3.70%	$5.72	$8,794,369	11.18%
MO	GTE MD-Contel-Missouri	$9.99	$29,996,589	14.79%	$2.07	$6,204,679	3.06%	$7.93	$23,791,910	11.73%
MO	Southwestern - Missouri	$6.37	$187,579,018	12.36%	$1.43	$42,056,955	2.77%	$4.94	$145,522,063	9.59%
	TOTAL Missouri	$6.85	$258,638,953		$1.52	$57,342,593		$5.33	$201,296,360	
MS	BellSouth-Mississippi **TOTAL Mississippi**	$7.40	$112,294,041	14.85%	$1.28	$19,396,381	2.57%	$6.12	$92,897,660	12.29%
MT	U S WEST-Montana **TOTAL Montana**	$6.77	$29,856,518	12.43%	$1.28	$5,637,409	2.35%	$5.50	$24,219,109	10.08%
NC	Central Tel Co. NC Divn-NC/VA	$6.62	$21,384,601	13.94%	$1.55	$5,008,266	3.26%	$5.07	$16,376,335	10.67%
NC	Carolina Tel & Tel of North Carolina	$6.55	$88,617,802	13.57%	$1.59	$21,551,995	3.30%	$4.96	$67,065,807	10.27%
NC	GTE SO-Contel-North Carolina	$8.18	$12,466,094	14.15%	$1.88	$2,857,731	3.24%	$6.30	$9,608,363	10.91%
NC	GTE SO-North Carolina	$8.95	$20,104,963	11.44%	$2.78	$6,245,655	3.55%	$6.17	$13,859,309	7.89%
NC	Alltel Carolina	$6.08	$14,905,095	14.61%	$1.33	$3,254,059	3.19%	$4.75	$11,651,035	11.42%
NC	BellSouth-North Carolina	$6.15	$178,775,279	13.92%	$1.25	$36,203,328	2.82%	$4.91	$142,571,951	11.10%
	TOTAL North Carolina	$6.46	$336,253,833		$1.44	$75,121,034		$5.02	$261,132,799	
ND	US WEST-North Dakota **TOTAL North Dakota**	$4.74	$14,537,599	10.54%	$1.16	$3,575,073	2.59%	$3.57	$10,962,526	7.95%
NE	GTE MD-Nebraska	$5.60	$3,873,881	13.30%	$1.68	$1,162,913	3.99%	$3.92	$2,710,968	9.31%
NE	U S WEST-Nebraska	$6.45	$41,459,023	10.49%	$1.71	$10,957,102	2.77%	$4.75	$30,501,921	7.72%
	TOTAL Nebraska	$6.37	$45,332,904		$1.70	$12,120,015		$4.67	$33,212,889	
NH	BA New Hampshire **TOTAL New Hampshire**	$6.20	$57,917,197	12.25%	$1.33	$12,446,312	2.63%	$4.87	$45,470,884	9.61%
NJ	United Tel of New Jersey	$5.64	$14,261,268	12.98%	$1.28	$3,236,725	2.95%	$4.36	$11,024,543	10.04%
NJ	Bell Atlantic-New Jersey	$4.87	$362,200,725	13.31%	$1.02	$75,501,765	2.77%	$3.86	$286,698,961	10.54%
	TOTAL New Jersey	$4.90	$376,461,994		$1.02	$78,738,490		$3.87	$297,723,504	
NM	GTE SW-New Mexico	$5.49	$3,048,255	12.36%	$1.78	$985,919	4.00%	$3.71	$2,062,336	8.36%
NM	GTE SW-Contel-New Mexico	$8.34	$4,439,119	13.02%	$2.16	$1,147,295	3.37%	$6.19	$3,291,824	9.66%
NM	U S WEST-New Mexico	$7.38	$70,706,693	14.28%	$1.26	$12,043,089	2.43%	$6.12	$58,663,604	11.85%
	TOTAL New Mexico	$7.33	$78,194,068		$1.33	$14,176,304		$6.00	$64,017,764	

Summary of Potential Cost Shifts to the Intrastate Jurisdiction

State	Company	Internet & ADSL Rev Req /Ln/Mo	Internet & ADSL Total Rev Req Amt	Internet & ADSL % Change	Internet Only Rev Req /Ln/Mo	Internet Only Total Rev Req Amt	Internet Only % Change	ADSL Only Rev Req /Ln/Mo	ADSL Only Total Rev Req Amt	ADSL Only % Change
NV	Central Tel of Nevada Divn.-Nevada	$4.50	$45,574,307	12.17%	$1.75	$17,692,597	4.72%	$2.75	$27,881,711	7.44%
NV	Contel/Nevada	$5.46	$2,264,367	10.07%	$1.29	$535,648	2.38%	$4.17	$1,728,719	7.68%
NV	Nevada Bell	$6.70	$27,628,250	13.38%	$2.14	$8,809,774	4.27%	$4.56	$18,818,476	9.11%
	TOTAL Nevada	$5.15	$75,466,924		$1.84	$27,038,019		$3.30	$48,428,906	
NY	Rochester Telephone	$4.20	$27,823,959	9.37%	$0.28	$1,872,458	0.63%	$3.92	$25,951,501	8.74%
NY	Bell Atlantic - New York	$6.00	$814,394,293	10.51%	$1.82	$247,479,322	3.19%	$4.18	$566,914,970	7.32%
	TOTAL New York	$5.92	$842,218,251		$1.75	$249,351,780		$4.17	$592,866,471	
OH	United Tel of Ohio	$6.61	$47,898,147	12.75%	$2.10	$15,215,740	4.05%	$4.51	$32,682,407	8.70%
OH	GTE NO-Ohio	$6.34	$65,411,283	13.29%	$1.74	$17,962,398	3.65%	$4.60	$47,448,884	9.64%
OH	The Western Reserve Tel-Ohio	$6.81	$14,597,420	14.27%	$2.21	$4,739,071	4.63%	$4.60	$9,858,349	9.63%
OH	Ohio Bell	$4.29	$207,071,072	11.84%	$1.18	$56,898,405	3.25%	$3.11	$150,172,667	8.58%
	TOTAL Ohio	$4.93	$334,977,921		$1.40	$94,815,613		$3.53	$240,162,308	
OK	GTE SW-Oklahoma	$7.82	$10,909,342	14.93%	$2.01	$2,799,744	3.83%	$5.82	$8,109,599	11.10%
OK	Southwestern - Oklahoma	$5.89	$112,390,067	12.83%	$1.38	$26,333,516	3.01%	$4.51	$86,056,551	9.82%
	TOTAL Oklahoma	$6.02	$123,299,409		$1.42	$29,133,260		$4.60	$94,166,149	
OR	United NW-Oregon	$7.52	$6,544,774	13.01%	$2.15	$1,873,392	3.72%	$5.37	$4,671,382	9.29%
OR	GTE NW-Oregon	$6.14	$33,777,021	12.29%	$1.71	$9,429,370	3.43%	$4.43	$24,347,651	8.86%
OR	U S WEST-Oregon	$6.00	$99,791,930	12.59%	$1.06	$17,590,938	2.22%	$4.94	$82,200,992	10.37%
	TOTAL Oregon	$6.09	$140,113,725		$1.26	$28,893,700		$4.83	$111,220,025	
PA	United Tel of Pennsylvania	$6.77	$31,061,368	13.64%	$1.68	$7,727,268	3.39%	$5.08	$23,334,099	10.25%
PA	GTE NO-Pennsylvania	$5.71	$36,138,656	13.26%	$1.72	$10,917,129	4.01%	$3.98	$25,221,528	9.25%
PA	GTE NO-Contel/Quaker State	$5.51	$2,925,766	14.62%	$1.78	$947,100	4.73%	$3.73	$1,978,666	9.89%
PA	GTE NO-Contel/Pennsylvania	$4.83	$3,704,202	13.36%	$1.77	$1,357,325	4.90%	$3.06	$2,346,877	8.46%
PA	Alltel of Pennsylvania	$6.75	$18,635,099	14.64%	$1.98	$5,476,060	4.30%	$4.77	$13,159,039	10.34%
PA	Bell Atlantic-Pennsylvania	$4.87	$365,217,254	13.25%	$1.14	$85,436,229	3.10%	$3.73	$279,781,025	10.15%
	TOTAL Pennsylvania	$5.08	$457,682,345		$1.24	$111,861,112		$3.84	$345,821,233	
RI	BA - Rhode Island **TOTAL Rhode Island**	$5.04	$39,599,234	12.01%	$1.25	$9,841,936	2.98%	$3.79	$29,757,298	9.02%
SC	GTE SO-Contel-South Carolina	$6.34	$1,828,292	13.09%	$1.72	$495,697	3.55%	$4.62	$1,332,596	9.54%
SC	GTE SO-South Carolina	$6.95	$15,092,894	12.56%	$2.15	$4,665,980	3.88%	$4.80	$10,426,914	8.68%
SC	BellSouth-South Carolina	$6.57	$114,206,759	14.51%	$1.31	$22,780,629	2.89%	$5.26	$91,426,130	11.62%
	TOTAL South Carolina	$6.61	$131,127,945		$1.41	$27,942,306		$5.20	$103,185,640	
SD	US WEST-South Dakota **TOTAL South Dakota**	$5.54	$18,545,325	11.88%	$1.19	$3,988,711	2.56%	$4.35	$14,556,614	9.33%
TN	United SO-Tennessee	$6.10	$18,336,184	13.62%	$1.62	$4,879,490	3.62%	$4.48	$13,456,694	9.99%
TN	BellSouth-Tennessee	$5.91	$186,398,091	13.51%	$1.20	$37,847,218	2.74%	$4.71	$148,550,873	10.76%
	TOTAL Tennessee	$5.93	$204,734,276		$1.24	$42,726,708		$4.69	$162,007,568	

Summary of Potential Cost Shifts to the Intrastate Jurisdiction

State	Company	Internet & ADSL Rev Req /Ln/Mo	Internet & ADSL Total Rev Req Amt	Internet & ADSL % Change	Internet Only Rev Req /Ln/Mo	Internet Only Total Rev Req Amt	Internet Only % Change	ADSL Only Rev Req /Ln/Mo	ADSL Only Total Rev Req Amt	ADSL Only % Change
TX	Central-Texas	$7.11	$17,926,030	14.56%	$1.83	$4,623,201	3.75%	$5.28	$13,302,829	10.80%
TX	United Tel of Texas	$9.48	$17,527,937	15.79%	$1.23	$2,280,236	2.05%	$8.25	$15,247,702	13.74%
TX	GTE SW-Contel-Texas	$9.80	$26,213,981	15.23%	$2.84	$7,600,656	4.42%	$6.96	$18,613,325	10.81%
TX	GTE SW-Texas	$7.38	$146,192,964	12.57%	$2.10	$41,712,754	3.59%	$5.27	$104,480,210	8.98%
TX	Southwestern - Texas	$6.67	$739,834,185	13.73%	$1.64	$181,565,068	3.37%	$5.03	$558,269,116	10.36%
	TOTAL Texas	$6.88	$947,695,097		$1.73	$237,781,915		$5.15	$709,913,182	
UT	U S WEST-Utah **TOTAL Utah**	$5.91	$78,368,693	12.23%	$1.14	$15,067,983	2.35%	$4.77	$63,300,711	9.88%
VA	United SO-Virginia	$6.57	$8,412,291	14.68%	$1.43	$1,828,670	3.19%	$5.15	$6,583,621	11.49%
VA	Central-Virginia	$7.98	$27,770,482	15.44%	$1.73	$6,018,516	3.35%	$6.25	$21,751,965	12.09%
VA	GTE SO-Virginia	$8.06	$3,399,723	11.46%	$2.10	$886,507	2.99%	$5.96	$2,513,216	8.47%
VA	GTE SO-Contel-Virginia	$6.43	$40,613,915	12.50%	$1.74	$10,977,431	3.38%	$4.69	$29,636,484	9.12%
VA	Bell Atlantic-Virginia	$5.33	$220,252,636	13.68%	$1.16	$47,746,978	2.97%	$4.18	$172,505,658	10.71%
	TOTAL Virginia	$5.69	$300,449,047		$1.28	$67,458,103		$4.41	$232,990,944	
VT	Bell Atlantic -Vermont **TOTAL Vermont**	$7.36	$29,643,816	12.88%	$1.84	$7,413,954	3.22%	$5.52	$22,229,863	9.66%
WA	United NW-Washington	$7.30	$7,343,873	14.21%	$2.03	$2,046,637	3.96%	$5.26	$5,297,236	10.25%
WA	GTE NW-Washington	$6.25	$55,388,271	10.74%	$2.08	$18,415,084	3.57%	$4.17	$36,973,187	7.17%
WA	GTE NW-Contel/Washington	$6.40	$6,952,458	12.26%	$1.91	$2,080,702	3.67%	$4.48	$4,871,756	8.59%
WA	U S WEST-Washington	$5.63	$171,547,845	11.62%	$1.24	$37,877,184	2.56%	$4.39	$133,670,661	9.05%
	TOTAL Washington	$5.83	$241,232,447		$1.46	$60,419,607		$4.37	$180,812,840	
WI	GTE NO-Wisconsin	$6.34	$37,226,006	14.01%	$1.71	$10,030,832	3.77%	$4.63	$27,195,174	10.23%
WI	Wisconsin Bell	$3.75	$95,866,334	11.31%	$0.96	$24,585,423	2.90%	$2.79	$71,280,911	8.41%
	TOTAL Wisconsin	$4.23	$133,092,340		$1.10	$34,616,255		$3.13	$98,476,085	
WV	BA-West Virginia **TOTAL West Virginia**	$7.24	$70,346,380	14.84%	$1.55	$15,016,501	3.17%	$5.70	$55,329,879	11.67%
WY	U S WEST-Wyoming **TOTAL Wyoming**	$9.09	$26,717,244	14.76%	$0.74	$2,160,189	1.19%	$8.36	$24,557,055	13.56%
	TOTAL All Companies	$5.59	$10,980,275,461		$1.40	$2,743,110,149		$4.19	$8,237,165,312	
	Regional Reporting Companies									
	ALIANT TELECOMMUN. CO.	$5.55	$18,832,123	11.84%	$2.14	$7,266,560	4.57%	$3.41	$11,565,562	7.27%
	Citizens - Western Counties	$9.20	$2,999,878	14.09%	$2.06	$673,114	3.16%	$7.13	$2,326,764	10.93%
	Citizens - Upstate	$8.77	$27,178,316	15.33%	$2.28	$7,052,066	3.98%	$6.50	$20,126,250	11.35%
	Citizens - Red Hook	$6.48	$1,234,822	15.70%	$2.03	$386,805	4.92%	$4.45	$848,017	10.78%
	Cincinnati Bell (OH+KY)	$5.48	$67,891,628	12.33%	$1.77	$21,921,070	3.98%	$3.71	$45,970,557	8.35%
	TOTAL for Regional Reporting Companies	$6.09	$118,136,766		$1.92	$37,299,616		$4.17	$80,837,151	
	TOTAL All Reporting Companies	$5.59	$11,098,412,228		$1.40	$2,780,409,765		$4.19	$8,318,002,463	