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ATTORNEYS AT LAW

April 19, 2000

**EX-PARTE - VIA ELECTRONIC FILING**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> St., SW  
Washington, DC 20554

Re: In the matter of Coalition for Affordable Local and Long Distance Service  
Modified Proposal, CC Dockets 94-1, 96-45, 96-262, 99-249

Dear Ms. Salas:

On April 14, 2000, the Coalition for Affordable Local and Long Distance Service (“CALLS”) filed revisions to the proposed Pooling Rule as set forth in draft rule 61(a) 48(m). The attached contains several clarifications to that proposal, redlined back to the document as filed on April 14.

In accordance with Commission rules, this letter is being filed electronically in each of the above captioned dockets.

Sincerely,

/ s /

Evan R. Grayer  
Counsel for the Coalition for Affordable Local and  
Long Distance Service

Attachment

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(m) Local Switching Pooled Revenues

(1) Priced cap companies are permitted to pool local switching revenues in their common line basket under one of the following conditions.

(i) Any price cap company that would otherwise have July 1, 2000 price cap reductions as a percentage of Base Period Price Cap Revenues at the holding company level greater than the industry wide total July 1, 2000 price cap revenue reduction as a percentage of Base Period Price Cap Revenues may elect temporarily to pool the amount of the additional reductions above 25% of the Local Switching element revenues necessary to yield that carrier's proportionate share of a total \$2.1 billion reduction in switched access usage rates on July 1, 2000. The basis of the reduction calculation will be R at PCI<sub>(t-1)</sub> for the upcoming tariff year. The percentage reductions ~~per line amounts~~ will be calculated as follows:

(Total Price Cap Revenue ~~ATS~~ Reduction / Base Period Price Cap Revenues ~~EUCL Lines~~)

Pooled local switching revenue for each filing entity within a holding company that qualifies under this subparagraph (i) will continue until such pooled revenues are eliminated under this subparagraph. Notwithstanding the provisions of section 61A.45(b)(1), once the Average Traffic Sensitive (ATS) rate reaches the applicable target rate, the dollar impact of PCI reductions associated with the Common Line, Traffic Sensitive, and Trunking baskets' X-factor pf 6.5% shall be targeted to reducing pooled local switching revenue until the pooled local switching revenue is eliminated. Thereafter, the X-factor for these baskets will be determined in accordance with 61A.45(b)(1).

(ii) Price cap companies other than the Bell Companies and GTE with at least 20% of total holding company lines operated by rural telephone companies, as defined in 47 U.S.C. §153(37), may elect to pool up to the following amounts:

(A) for a price cap holding company's predominantly non-rural filing entities (i.e. filing entities within which more than 50% of all lines are operated by telephone companies other than rural telephone companies as defined in 47 U.S.C. §153(37), the amount of the additional reductions to Average Traffic Sensitive Charge rates as defined in 61.48(1)(2), to the extent such reductions exceed 25% of the Local Switching element revenues (measured in terms June 30, 2000 rates times 1999 base period demand)

(B) for a price cap holding company's predominantly rural filing entities (i.e. filing entities with greater than 50% of lines operated by telephone companies that are rural telephone companies as defined in 47 U.S.C. §153(37), the amount of the

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additional reductions to Average Traffic Sensitive Charge rates as defined in 61.48(1)(2);

### (2) Allocation of Pooled Local Switching Revenue to Certain Common Line Elements

(i) The pooled local switching revenue for each filing entity is shifted to the common line basket within price caps. Pooled local switching revenue will not be included in calculations to determine the eligibility for interstate access universal service funding.

(ii) Pooled local switching revenue will be capped on a revenue per line basis.

(iii) Pooled local switching revenue is included in the total revenue for the common line basket in calculating the X-factor reduction targeted to the traffic sensitive rate elements, and for companies qualified under (m)(1)(i)(A), to pooled elements after the Average Traffic Sensitive Charge reaches the target level. For the purpose of targeting X-factor reductions, companies that allocate pooled local switching revenue to other filing entities pursuant to 61A.48(m)(2)(vii) shall include pooled local switching revenue in the total revenue of the common line basket of the filing entity from which the pooled local switching revenue originated.

(iv) Pooled local switching revenue shall be kept separate from CMT revenue in the common line basket. Common line rate elements for each filing entity shall first be set based on CMT revenue per line without regard to the presence of pooled local switching revenue for each filing entity.

(v) If the rates generated without regard to the presence of pooled local switching revenue for multi-line business ~~(MLB)~~ PICC and/or MLB SLC are below the nominal caps of \$4.31 and \$9.20, respectively, pooled amounts can be added to these rate elements to the extent permitted by the nominal caps.

(vi) Pooled local switching revenue is first added to the MLB SLC until the rate equals the nominal cap- (\$9.20) or the pooled local switching revenue is fully allocated. If pooled local switching revenue remains after applying amounts to the MLB SLC, the remaining pooled local switching revenue may be added to the MLB PICC until the rate equals the nominal cap (\$4.31) or the pooled local switching revenue is fully allocated. Unallocated pooled local switching revenue may still remain. For companies pooling pursuant to 61A.48(m)(1)(i)-, these unallocated amounts may not be recovered from the CCL charge, the primary residential and single-line business SLC, a non-primary residential SLC, or from common line elements in any other filing entity.

(vii) For companies pooling pursuant to 61A.48(m)(1)(ii), pooled local switching revenue that can not be allocated to the MLB PICC and MLB SLC rates within an individual filing entity may not be recovered from the CCL charge, primary residential and single-line business SLC or residential/single line business SLC charges, but may be allocated to other filing entities within the holding company, and collected by adding

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these amounts to the MLB PICC and MLB SLC rates. The allocation of pooled local switching revenue among filing entities will be re-calculated at each annual filing. In subsequent annual filings, pooled local switching revenue that was allocated to another filing entity will be reallocated to the filing entity from where it originated, to the full extent permitted by the nominal caps of \$9.20 and \$4.31.

(viii) These unallocated local switching revenues that cannot be recovered fully pursuant to (vii) are first added to the MLB SLC of other filing entities until the resulting rate equals the nominal cap (\$9.20) or the pooled local switching revenue for the holding company is fully allocated. If the pooled local switching revenue can be fully allocated to the MLB SLC, the amount is distributed to each filing entity with a rate below the nominal cap (\$9.20) based on its below-cap MLB SLC revenue as a percentage of the total holding company's below-cap MLB SLC revenue.

(ix) If pooled local switching revenue remains after applying amounts to the MLB SLC of all filing entities in the holding company, pooled local switching revenue may be added to the MLB PICC of other filing entities. The remaining pooled local switching revenue is distributed to each filing entity with a rate below the nominal cap (\$4.31) based on its below-cap MLB PICC revenue as a percentage of the total holding company's below-cap MLB PICC revenue.

(x) If pooled local switching is added to the MLB SLC but not to the MLB PICC for a filing entity that qualified to de-average SLCs without regard to pooled local switching, the resulting SLC rates can still be de-averaged. Total pooled local switching is added to the de-averaged zone 1 MLB SLC rate until the per line rate in zone 1 equals the rate in zone 2 or until the pooled local switching is fully allocated to the de-averaged MLB SLC rate for zone 1. If pooled local switching revenue remains after the rate in zone 1 equals zone 2, the de-averaged rates of zone 1 and zone 2 are increased until the pooled local switching is fully allocated to the de-averaged MLB SLC rates of zone 1 and 2 or until those rates reaches zone 3 MLB SLC rate level. This process continues until pooled local switching revenue is fully allocated to the zone de-averaged rates.