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September 6, 2000

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Federal Communications Commission  
445 12th Street, SW  
Washington, D.C. 20554

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Re: HIGH COST UNIVERSAL SERVICE SUPPORT FOR NON-RURAL  
CARRIERS FOR THE YEAR 2001  
CC Docket No. 96-45

Dear Ms. Salas:

Enclosed for filing please find the original plus four (4) copies of the Reply  
Comments of AT&T Corp. in the above captioned matter.

Thank you.

Very truly yours,



Peter M. Andros  
Legal Assistant

Encl.

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List A B C D E

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
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\_\_\_\_\_) )  
In the Matter of ) )  
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Federal-State Joint Board on ) CC Docket No. 96-45  
Universal Service ) DA 00-1626  
\_\_\_\_\_)

**REPLY COMMENTS OF AT&T CORP.**

Pursuant to the Commission's *Notice*,<sup>1</sup> AT&T Corp. ("AT&T") submits these reply comments concerning the use of updated wire center line counts for computing universal service support for non-rural carriers for the year 2001.

**ARGUMENT**

The comments confirm that the wire center line count data used for computing universal service support for non-rural carriers should be updated to reflect the most recent data available.<sup>2</sup> Several reasons for this conclusion are identified by the comments. Updating these wire center line counts eliminates certain inaccuracies in support calculations caused by the current discrepancy between the vintages of the line count data used for determining support and those used for dispensing support.<sup>3</sup> In addition, updating these wire center line counts "allow[s]

<sup>1</sup> Public Notice, *Common Carrier Bureau Seeks Comment On Updating Line Counts For Calculating High-Cost Universal Service Support For Non-Rural Carriers For The Year 2001*, CC Docket No. 96-45, DA 00-1626 (July 24, 2000) ("*Notice*").

<sup>2</sup> See Comments of BellSouth Corp., Comments of WorldCom, Inc., Comments of Qwest Corporation, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45 (filed August 8, 2000).

<sup>3</sup> See AT&T Comments at 2-5.

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the model to reflect the further economies of scale” associated with the increased number of lines contained in the more recent data.<sup>4</sup>

Two comments, nevertheless, condition their support for updating these wire center line counts upon the Commission also adopting provisions that are entirely unrelated to the issues raised in the *Notice*. BellSouth explains that “[c]onceptually, [it] has no objection to updating line count information,”<sup>5</sup> but that “BellSouth would not recommend updating the line count information . . . if the Commission is unwilling to maintain the confidentiality”<sup>6</sup> of BellSouth’s wire center line count data. However, as the Commission has already explained, the public interest benefits of disclosing line count data at the wire center level for wire centers that receive support outweigh any public and private costs associated with the resulting disclosure of this information.<sup>7</sup> Accordingly, the updated line count data for incumbent local exchange carriers’ wire centers that receive support should be made publicly available. In all other cases, BellSouth’s concerns could easily be eliminated by implementing an appropriate protective order covering the specific line count data that the Commission deems to be confidential.<sup>8</sup> Thus,

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<sup>4</sup> See WorldCom Comments at 2; See also *Notice* at 3.

<sup>5</sup> Bell Atlantic at 1.

<sup>6</sup> *Id.*, at 2.

<sup>7</sup> See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Order, FCC 00-125, ¶ 11 (rel. April 7, 2000).

<sup>8</sup> Indeed, BellSouth currently permits inspection of its wire center line count data pursuant to such a protective order. See, e.g., *BellSouth Telecommunications, Inc.’s Petition for Pricing Flexibility for Special Access and Dedicated Transport Services*; *BellSouth Telecommunications, Inc.’s Petition for Pricing Flexibility for Switched Access Services*, Protective Order, CCB/CPD File Nos. 00-20 & 00-21, ¶ 3 (rel. August 31, 2000).

BellSouth's confidentiality concerns are not only irrelevant to this proceeding, but are also baseless.

Qwest also recognizes that there is "nothing wrong with the Commission's proposal," but insists upon conditioning its support for updating the wire center line count data upon the Commission also updating the customer location data used for computing universal support.<sup>9</sup> Even if this proceeding were an appropriate forum for addressing issues relating to customer location data, Qwest's proposed solution is incomplete and would result in even greater biases and inaccuracies in the per-line cost estimates used for calculating universal service support than those that already exist.

In particular, there are currently at least three problems with the customer location data used to calculate universal service support. First, as Qwest points out, the customer location data is outdated, possibly causing a minor downward bias in estimates of carriers' per-line costs. Second, the Commission's Synthesis Model uses surrogates in place of real geocode information which greatly overestimates the dispersion in customer locations and, therefore, greatly exaggerates outside plant costs and, hence, per-line costs.<sup>10</sup> Third, the Commission's Synthesis Model improperly treats customers who, in reality live at a single physical location, as living at

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<sup>9</sup> See Qwest Comments at 4.

<sup>10</sup> The surrogate data that is currently used in the model incorrectly assumes that customers are located uniformly along roadways. In reality, customers along roadways are *clustered* – a fact that has been demonstrated on several occasions. See, e.g., Comments of AT&T Corp. and MCI WorldCom, Inc., at 3 (July 23, 1999), Reply Comments of AT&T Corp. and MCI WorldCom, Inc., at 10 (August 6, 1999), AT&T's Petition for Reconsideration at 7-8 (January 3, 2000), *Federal-State Joint Board on Universal Service; Forward-Looking Mechanism for High Cost Support for Non-Rural LECs*, CC Docket Nos. 96-45, 97-160. See also Letter from Celia Nogales, Ameritech to Secretary, FCC, July 14, 1999, CC Docket Nos. 96-45, 97-160 (satellite photographs confirming that customers are clustered along roadways).

separate locations – a problem that also overstates outside plant cost estimates and, hence per-line cost estimates.<sup>11</sup> The net effects of the second two defects – the use of surrogates in place of real geocode information and the assumption that separate customers in the same building live at different locations – collectively are likely to outweigh the relatively minor effect of using outdated customer location data. Thus, the net effect of all three defects in the customer location data is most likely to *overestimate* carriers’ per-line costs.

Qwest's proposal is to update customer location data without also fixing the other problems with the Commission’s Synthesis Model. However, for the reasons described above, the net effect of this proposal would be to enhance the *upward* bias in carriers' per-line cost estimates. To avoid this result, *all* of the problems associated with the customer location data should be addressed and corrected at the same time in a proceeding where all interested parties are afforded the opportunity to provide comments. Such a proceeding, however, is unlikely to be concluded in time to implement the next installment of the Synthesis Model.<sup>12</sup> By contrast, the Commission now has the opportunity to timely address the severe disconnect between the line counts used for determining support and those used for dispensing support – problems that all parties admit result in overestimation or underestimation of the amount of support for which local exchange carriers are eligible. Thus, the wire center line count data used to calculate universal

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<sup>11</sup> For instance the model currently estimates the per-line costs of providing telecommunications services to two businesses located in the same building in the same way that it estimates those same costs for two businesses located in two separate buildings.

<sup>12</sup> Although, the process could be substantially hastened if the incumbent local exchange carriers, who appear to be building customer location databases for their own purposes, were to share this information with the Commission.

service support for non-rural carriers for the year 2001 should be updated in a manner consistent with the initial comments of AT&T.

### CONCLUSION

For the foregoing reasons and the reasons described in the initial comments of AT&T, the Commission should open a proceeding to determine the appropriate method of *estimating* current line counts for use in the Commission's model. Until such a proceeding is concluded, the Commission should use the most recent line count data that are available for the purposes of computing the amount of universal service support to be paid to an eligible carrier. The Commission should not condition the use of updated line count data upon the use of updated customer location data or on the confidential designation of any particular data.

Respectfully submitted,

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*Attorneys for AT&T Corp.*

September 6, 2000

**CERTIFICATE OF SERVICE**

I hereby certify that on this 6<sup>th</sup> day of September, 2000, I caused true and correct copies of the forgoing Reply Comments of AT&T Corp. to be served on all parties by first class mail, postage prepaid, to their addresses listed on the attached service list.

Dated: September 6, 2000  
Washington, D.C.

  
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Peter M. Andros

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