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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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September 27, 2000

BY HAND

Magalie Roman Salas, Esquire
Secretary
Federal Communications Commission
The Portals
445 12th Street, SW, Room TWB204
Washington, D.C. 20554

Re: **CC Docket Nos. 96-45 and 97-160**
Ex Parte Filing

Dear Ms. Salas:

Attached hereto, please find two copies of a letter sent today to Ms. Katherine Schroder, Chief of the Accounting Policy Division of the Common Carrier Bureau, providing information following up on a meeting last Tuesday between representatives of Roseville Telephone Company and the staff of the Common Carrier Bureau, regarding CC Docket Nos. 96-45 and 97-160. Please include this material in those dockets.

Feel free to contact me if you have any questions.

Sincerely,



Paul J. Feldman
Counsel for
Roseville Telephone Company

PJF.jpg
Enclosures

cc: Ms. Katherine Schroder (FCC Room 5-A423)

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BY HAND

Ms. Katherine Schroder
Chief – Accounting Policy Division
Federal Communications Commission
The Portals
445 12th Street, SW, Room 5-A423
Washington, D.C. 20554

**Re: Roseville Telephone Company
Petitions for Reconsideration
CC Docket Nos. 96-45 and 97-160**

Dear Ms. Schroder:

Thanks again to you and your staff for taking time to meet with representatives of Roseville Telephone Company last Tuesday to discuss our pending Petitions for Reconsideration in the non-rural Universal Service proceeding (CC Dockets No. 96-45 and 97-160). During the meeting you requested additional information to supplement the material in our presentation. We hope that the attachments to this letter meet your needs in this regard.

You requested information on the line count of study areas in close proximity to the 200K break point suggested by Roseville for the dividing line between the "large" and "small" high-cost support mechanism. The attached table provides information for all non-rural study areas that receive hold-harmless support, as well as rural study areas over 80K lines that currently receive High Cost Loop support. In addition, while you did not specifically request it, we have also provided information on the number of wire centers in each study area as well as the number of total wire centers owned by the holding company owning that study area.

Within the non-rural universe there are six study areas between 200K and 300K lines that receive hold-harmless support. It is first important to note that all of the study areas over 200K lines receive only 10% of costs over 115% of the national average

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from the fund, vs. 65% of such costs for study areas with less than 200K lines. This significant difference makes these study areas less sensitive to changes in explicit federal support, and was one of the primary reasons that Roseville made its suggestion of 200K lines as the "large/small" dividing point.

Four of the study areas between 200K and 300K lines are owned by GTE and are located in North Carolina, Texas and Missouri. GTE has chosen not to oppose Roseville's proposal to change the break point to 200K lines. The U S WEST Wyoming study area is in this range, and will receive support under the new mechanism, although somewhat less than under the prior mechanism. It is Roseville's understanding that U S WEST has focused its efforts on the proxy model itself. The remaining study area in the 200K - 300K range, Centel of Virginia (now owned by Sprint), is almost at 300K lines. Above 300K lines, the size of the non-rural study areas expands rapidly.

Among the rural study areas there are seven between 80K and 100K lines which conceivably could grow above the 100K line threshold in the near future. Without further analysis it is difficult to know which of these areas would still qualify for "rural" status because of the nature of the communities served. All of the rural study areas over 100K lines must, by definition, meet the statutory criteria for rural. Thus, changing the break point would have no impact on these rural carriers other than to mitigate the impact on study areas that grow to over 100K lines and are unable to otherwise qualify as rural.

We have included data on the number of wire centers in each study area, as well as the total number of wire centers served by the holding company of that study area, to quantitatively illustrate one of the major points that we made during our ex-parte presentation. With the exception of Roseville, all of the other non-rural study areas are owned by holding companies with greater than 1,000 wire centers. Roseville has only two wire centers. To the extent that the proxy model is not precise at the individual wire center level, these other holding companies have the opportunity to offset wire centers where the model underestimates cost with those wire centers where it overestimates cost (i.e., the law of large numbers). Roseville does not, and in that respect is more like a rural company.

You also requested information on where Roseville came out on the data matrix showing the results of the Rural Task Force study of the model. The attached chart shows Roseville data superimposed on the chart we used in our presentation, and shows a similar dispersion of results around the mean.

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We hope that this data is useful to you in your consideration of our Petitions. If we can provide additional information, or if there are other actions that Roseville could take to resolve the issues identified in our pleadings we would be pleased to do so. We will contact next week to see if you require further information.

Sincerely,

A handwritten signature in black ink that reads "Paul Feldman". The signature is written in a cursive style with a long horizontal line extending to the right.

Paul J. Feldman
Glenn Brown

PJF:jpg

Enclosures

cc: Mr. Jack Day
Magalie R. Salas, Esq.

Non-Rural

State	Study Area Name	Loops*	High Cost Loop		Wire Centers**	
			HCL Factor	Annual*	Study Area	Holding Company
CO	U S WEST, INC. - CO	2,700,930	10%	\$1,302,924	168	1259
SC	SOUTHERN BELL-SC	1,498,861	10%	\$4,189,920	117	1591
MS	SO CENTRAL BELL-MS	1,314,884	10%	\$6,806,364	205	1591
KY	SO CENTRAL BELL-KY	1,233,794	10%	\$197,904	181	1591
PR	PUERTO RICO TEL CO	1,143,596	10%	\$30,095,556	85	6248
AR	SOUTHWESTERN BELL-AR	1,025,080	10%	\$3,158,676	138	3217
WV	C & P TEL CO OF WV	842,964	10%	\$930,132	142	6248
NM	U S WEST, INC. - NM	803,945	10%	\$1,763,376	65	1259
IN	GTE NORTH INC. - IN	771,539	10%	\$243,348	76	6248
KY	GTE SOUTH INC. - KY	455,423	10%	\$600,888	42	6248
MT	U S WEST, INC. - MT	365,398	10%	\$371,028	73	1259
VT	NEW ENGLAND TEL-VT	349,773	10%	\$181,668	82	6248
VA	CENDEL OF VIRGINIA	296,195	10%	\$1,516,932	62	6248
MO	CONTEL MO DBA GTE MO	266,343	10%	\$3,023,904	44	6248
WY	U S WEST, INC. - WY	246,410	10%	\$3,820,488	29	1259
TX	CONTEL TX DBA GTE TX	234,478	10%	\$899,556	175	6248
TX	CENDEL OF TEXAS	223,660	10%	\$296,892	49	1371
NC	GTE SOUTH INC - NC	219,617	10%	\$958,272	27	6248
PR	P R T C - CENTRAL	172,480	65%	\$26,333,316	2	6248
AL	GTE SOUTH INC. - AL	167,300	65%	\$5,597,544	38	6248
MO	GTE NORTH INC. - MO	130,892	65%	\$6,994,752	44	6248
CA	ROSEVILLE TEL CO	122,593	65%	\$1,727,100	2	2
AL	CONTEL AL DBA GTE AL	121,946	65%	\$3,799,488	53	6248

Non-Rural list includes all Non-Rural Study Areas that receive HCL support

Rural

State	Study Area Name	Loops*	High Cost Loop		Wire Centers**	
			HCL Fact	Annual*	Study Area	Holding Company
GA	ALLTEL GEORGIA COMM.	306,393	10%	\$2,695,212	69	596
NY	CITIZENS TELECOM-NY	263,703	10%	\$1,423,896	126	387
MO	UTC OF MISSOURI	259,996	10%	\$1,665,900	80	1371
WA	CENTURYTEL-WASHINGTO	169,839	65%	\$14,547,288	N/A	231
TX	UTC OF TEXAS INC	161,370	65%	\$18,998,424	60	1371
MN	UTC OF MINNESOTA	153,689	65%	\$1,732,824	46	1371
ID	GTE NORTHWEST INC-ID	131,106	65%	\$6,554,700	29	6248
TX	LUFKIN-CONROE TEL EX	109,385	65%	\$3,074,088	16	16
CA	CITIZENS UTIL OF CA	108,923	65%	\$9,062,268	34	387
AR	CONTEL AR DBA GTE AR	105,452	65%	\$3,197,976	44	6248
AR	ALLTEL ARKANSAS INC	103,169	65%	\$9,481,116	61	596
SC	UTC OF THE CAROLINAS	102,831	65%	\$1,439,340	19	1371
KY	CONTEL KY DBA GTE KY	95,776	65%	\$5,735,916	42	6248
AZ	CITIZENS UTILITIES	90,019	65%	\$4,640,964	16	387
GA	GEORGIA ALLTEL TELCO	89,250	65%	\$5,375,880	40	596
AR	GTE SOUTHWEST INC-AR	88,040	65%	\$8,416,584	47	6248
WV	CUC DBA CITIZENS WVA	87,574	65%	\$7,672,260	57	387
WA	UTC OF THE NW-WA	86,881	65%	\$289,368	31	1371
FL	ALLTEL FLORIDA INC.	83,655	65%	\$2,474,424	27	596

Rural list includes all Rural Study Areas over 80K lines that receive HCL support

SOURCE: * NECA 4Q2000 Administrative Filing Appendix HC1

** BCPM 3.0

FCC Model Investment vs. Actual (X = Roseville)

Item	Comparison of Model Results to Actuals					
	<(25%)	(25%) to (10%)	(10%) to 10%	10% to 25%	>25%	
Cable & Wire Facilities	8	1	X	12	14	200
COE Switch Investment	X 142	36		20	11	25
Land	102	20		10	11	X 87
Buildings	56	16	X	25	16	121
Vehicles	X 138	13		24	11	36
Tools & Work Equipment	X 121	14		24	11	52
Furn & Office Equipment	X 24	3		15	14	173
General Support Inv.	X 92	25		25	23	67