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FEDERAL COMMUNICATIONS COMMISSION
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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	
Multi–Association Group Plan for Regulation of Interstate Services of Non–Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers	CC Docket No. 00–256
Federal–State Joint Board on Universal Service	CC Docket No. 96–45
Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate–of–Return Regulation	CC Docket No. 98–77
Prescribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers	CC Docket No. 98–166

COMMENTS
of the
GENERAL SERVICES ADMINISTRATION

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February 26, 2001

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Summary

GSA addresses issues concerning a Petition to implement significant revisions in the regulatory regime for rate–of–return carriers. The Petition, which is offered by associations representing these carriers, outlines changes in the structure of interstate access charges and describes procedures for transitioning to incentive regulation over a five–year period.

Regulatory reform is especially important for these smaller carriers that serve rural and insular areas with high costs and low population densities. The proposed plan will help competition to develop in these areas by implementing an access charge structure that more nearly reflects costs. Moreover, the plan will ensure that consumers obtain the benefits of access charge reductions by requiring interexchange carriers to pass on the savings resulting from lower usage–sensitive access charges by modifications in their toll rate structures.

In addition to rationalizing access charges, the plan motivates carriers to reduce costs, expand services, and invest in new technologies by prescribing rules for transitioning rate–of–return carriers to incentive regulation. To accommodate the diverse needs of a wide range of LECs, the plan contains options for shifting individual study areas to price caps through alternative regulatory paths.

To address a question posed in the Notice, GSA recommends that the Commission not freeze the interstate rate of return at the currently authorized level. Moreover, in spite of its benefits for carriers and users, GSA recommends that the Commission not adopt the plan without modification. For example, further revisions in the structure of access charges are necessary to reduce disparities between the charges for business and residence lines.

In addition, more information is needed about costs of the plan, including costs for the explicit "rate averaging support" for carriers transitioning to price caps. Reliable cost estimates must be obtained to address several issues that the Commission identifies concerning impacts on consumers who will ultimately support the plan.

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COMMENTS
of the
GENERAL SERVICES ADMINISTRATION

The General Services Administration ("GSA") submits these Comments on behalf of the customer interests of all Federal Executive Agencies ("FEAs") in response to the Notice of Proposed Rulemaking in CC Docket Nos. 00–256, 96–45, 98–77 and 98–166 ("Notice") released on January 5, 2001. The Notice seeks comments and replies on a Petition for Rulemaking submitted by the Multi–Association Group ("MAG") on October 20, 2000 ("Petition"). The Petition submitted by these associations contains proposals for interstate access reform and universal service support for all incumbent local exchange carriers ("LECs") under rate–of–return regulation.

I. INTRODUCTION

Pursuant to Section 201(a)(4) of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 481(a)(4), GSA is vested with the responsibility to represent the customer interests of the FEAs before Federal and state regulatory agencies. From their perspective as end users, the FEAs have consistently supported the Commission's efforts to bring the benefits of competitive markets to consumers of all telecommunications services.

As contemplated by the Telecommunications Act of 1996, the Commission has taken significant steps in the past five years to reduce rates and promote more competition in all local exchange markets.[1] For carriers under price caps, the process began in 1997 and continued though the recent *CALLS Order*.[2] Through this process, the Commission took significant steps to align the structure of interstate access charges with costs, and to replace implicit subsidies with explicit universal service support that is portable to competitive carriers.[3]

MAG includes the National Rural Telephone Association ("NRTA"), the National Telephone Cooperative Association ("NTCA"), the Organization for the Promotion and Advancement of Small Telephone Companies ("OPASTCO") and the United States Telecom Association ("USTA").[4] Collectively, these groups represent an extremely diverse group of incumbent local exchange carriers. The Petition by these

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1 Notice, para. 2, citing Telecommunications Act of 1996, Pub. L. No. 104–104, 110 Stat. 56, codified at 47 U.S.C. § 151 *et seq.* ("Telecommunications Act").

2 *In the Matter of Access Charge Reform and Price Cap Performance Review for Local Exchange Carriers*, CC Docket Nos. 96–262 and 94–1, Sixth Report and Order, *Low–Volume Long–Distance Users*, CC Docket No. 99–249, Report and Order, *Federal–State Joint Board on Universal Service*, CC Docket No. 96–45, Eleventh Report and Order, 15 FCC Rcd 12962 ("*CALLS Order*"), *pets. for review pending, Texas Office of Public Util. Counsel et al. v. FCC*, 5th Cir. Nos. 00–60434 and consolidated cases (2000).

3 Notice, para. 2.

4 Petition, p. 1.

associations contains a comprehensive approach to regulatory issues facing non–price cap carriers, which are the smaller and mid–size LECs serving most rural and insular areas. MAG asks the Commission to adopt the plan as an integrated package.[5]

MAG's plan is modeled on the CALLS plan adopted by the Commission for carriers under price caps in May 2000.[6] The proponents explain that the plan would have numerous benefits, including a more efficient access charge structure, increased reliance on explicit universal service support, and additional incentives for carriers to increase efficiency and invest in new technologies.[7]

The FEAs have a vital interest in access charges, universal service, and other regulatory issues for rate–of–return carriers. In 1998, GSA submitted Comments and Reply Comments in CC Docket No. 98–77 to address these issues.[8] In those submissions, GSA emphasized that an economically efficient access charge system is necessary for all LECs, and explained that access reforms prescribed for price cap carriers should serve as a model for the regulatory procedures applicable to rate–of–return LECs.[9]

The Notice describes the continuing need to foster an efficient telecommunications infrastructure in areas not served by the largest local carriers.[10] GSA concurs with these concerns, and submits these Comments to provide

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5 Notice, para. 3.

6 *Id.*

7 *Id.*

8 *In the Matter of Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate–of–Return Regulation*, CC Docket No. 98–97, Comments of GSA, July 17, 1998; and Reply Comments of GSA, September 17, 1998.

9 *Id.*, Comments of GSA, pp. 2–7; and Reply Comments of GSA, pp. 2–8.

10 Notice, paras. 18–23.

recommendations on the proposed regulatory plan from its perspective as an end user of telecommunications services.

II. PROPOSED MODIFICATIONS IN THE STRUCTURE OF ACCESS CHARGES WILL HELP MORE COMPETITION TO DEVELOP OUTSIDE OF URBAN AREAS.

A. All carriers not currently under price cap regulation will increase their subscriber line charges.

The proposed regulatory regime requires all LECs not currently under price cap regulation to reform their access charge structure by increasing their subscriber line charges ("SLCs").[11] The new SLCs for these carriers will track the SLC caps for carriers subject to the *CALLS Order*.[12] Thus, the SLCs for non–price cap carriers' residential and single business lines would increase from $3.50 per line to $5.00 per line on July 1, 2001, and increase in step with changes in the SLC caps for CALLS carriers thereafter.[13] The SLCs for multi–line business lines would increase from the current rate of $6.00 per line to $9.20 per line by July 1, 2003.[14] These rate changes will substantially increase the portion of the interstate common line revenue requirement recovered through flat monthly charges.[15]

The proposed plan retains the per–minute switched access rate elements, including local switching, local transport, the residual interconnection charge, and the common line charge for all carriers under rate–of–return regulation.[16] However, with

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11 Petition, p. 4.

12 *Id.*, p. 10.

13 *Id.*

14 *Id.*

15 *Id.*

16 *Id.*

increases in the SLCs, many carriers beginning to transition to price caps will be able to reduce these per–minute rates.

The plan requires interexchange carriers ("IXCs") to pass the savings from lower per–minute access charges to residential callers through toll rate reductions.[17] To implement these reductions, IXCs must eliminate monthly minimum charges for presubscribed long distance customers.[18] Also, IXCs must offer the same optional calling plans to rural customers as they offer in urban areas.[19]

B. The proposed rate structure correctly recovers more non–traffic sensitive costs through flat monthly charges and less through usage–based rates.

The access charge system now used to compensate rate–of–return LECs for their access costs is not economically efficient. A major infirmity is the procedure for recovering common line costs that are associated with dedicated facilities connecting end users' premises with the switched network. Because of ceilings established by the Commission, the fixed costs that rate–of–return LECs incur to provide access facilities are only partly recovered through SLC's, which are the only access charges assessed directly on end users. The proposed plan correctly increases the SLC caps so that a much larger fraction of non–traffic sensitive costs are recovered through fixed monthly charges and a correspondingly smaller fraction through inefficient usage–sensitive rates.

While recovering more non–traffic sensitive costs through fixed monthly charges, the proposed plan correctly avoids use of Presubscribed Interexchange Carrier Charges ("PICCs"), which were prescribed when the larger incumbent LECs

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17 *Id.*, p. 4.

18 *Id.*, p. 14.

19 *Id.*

were brought under price cap regulation. Through PICCs, the Regional Bell Operating Companies ("RBOCs") recovered a substantial portion of their non–traffic sensitive revenue requirements directly from IXCs.

IXCs were permitted to pass on the costs for PICCs by monthly charges on presubscribed end users or as an addition to their fees for dial–around messages. However, as GSA explained in Comments on the CALLS plan, the process employed by many IXCs to recover the costs of PICCs was incapable of audit, unbalanced among groups of users, and confusing to many consumers.[20] Many parties explained that the system needed revision and the Commission subsequently eliminated PICCs for residential and single business lines.[21]

C. Access reform is especially important for rate–of–return LECs, which principally serve smaller communities.

Rate–of–return LECs face unique challenges in providing universal service while responding to increased competition. These LECs serve only about seven percent of the nation's access lines.[22] They principally serve the rural and insular areas that have high line costs and low population densities, where concerns of universal service and broadband deployment are the greatest.[23] Moreover, since the IXCs have not generally offered discount calling plans to end users in these areas, subscribers there have not received the benefits of reductions in access charges previously mandated by the Commission.[24]

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20 *In the Matter of Access Charge Reform* ,CC Docket No. 96–262; *Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94–1; *Low–Volume Long Distance Users*, CC Docket No. 99–249; and *Federal–State Joint Board on Universal Service*, Reply Comments of GSA, April 17, 2000, pp. 13–16.

21 *CALLS Order*, para. 76.

22 Petition, p. 12.

23 *Id.*

24 *Id.*, p. 13.

Access reform is especially vital for rate–of–return LECs, and for the consumers in the communities that they serve. In the *CALLS Order*, the Commission continued steps to make the interstate access charge system more responsive to the level of competition that has developed to this point in time.[25] Since the Telecommunications Act promises the benefits of competition to all users nationwide, it is important that the Commission take equally comprehensive steps to reform the access charge structures for rate–of–return LECs.

III. ADDITIONAL REVISIONS IN THE ACCESS RATE STRUCTURE ARE NECESSARY TO REDUCE DISPARITIES BETWEEN BUSINESS AND RESIDENCE LINE CHARGES.

Under the proposed plan, SLCs for primary residence lines, non–primary residence lines, and single business lines will be set at $5.00 per month for all rate–of–return LECs on July 1, 2001.[26] This monthly charge would increase slightly in subsequent years in step with changes in the primary residence and single line business SLC for the LECs now under price caps.[27] Based on projections of revenue requirements, the Commission anticipates an increase to approximately $5.83 per month by July 1, 2004.[28]

For rate–of–return LECs, the only end users that will pay yet higher SLCs are the users of business multi-lines. Under the MAG proposal, the SLC for these lines will start at $6.00 per month on July 1, 2001 and increase to $9.20 on July 1, 2003.[29] The plan provides that increases will "be in equal increments" over the two–year

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25 *CALLS Order*, paras. 64–184.

26 Petition, Exhibit 3, p. 3–16.

27 Petition, p. 10.

28 *CALLS Order*, para. 79.

29 Petition, Exhibit 3, p. 3–16.

period.[30] This suggests there would be one intermediate change — an increase of $1.60 per month on July 1, 2002.

From GSA's perspective, there is no sound justification for singling out multi–line businesses for higher SLCs. Indeed, there is no cost basis for a difference in monthly access charges for business and residence lines. SLCs are used to recover non–traffic sensitive costs, so that any differences in traffic levels between business and residence users would not justify distinctions between the charges.

Moreover, the fixed monthly access costs are not greater for business lines than for residence lines. In fact, for all lines provided by an incumbent LEC in any study area, access costs for multi–line business users will average less than the access costs for other subscribers. This is because business and government users are usually located in the relatively more populated areas where local loops to the telephone company central offices are shorter and where there are greater economies of scale in providing telecommunications services.

Compared to regulation of the larger LECs under CALLS, the plan proposed for rate–of–return carriers places an additional burden on users of business multi–lines because a smaller portion of the overall non–traffic sensitive revenue requirement is met by non–primary residence lines. In the proposed plan, non–primary residence lines enjoy the same preferred rate status as primary residence lines, whereas under the CALLS plan the non–primary residence cap was set initially at $7.00 per month — two times the primary residence cap.[31] Moreover, for LECs under CALLS, the non–primary residence cap cannot be reduced below the $7.00 level until at least July 1, 2005.[32]

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30 *Id.*

31 *CALLS Order*, para. 80

32 *Id.*

An additional infirmity in the access charge structure proposed for rate–of–return carriers is the fact that the subsidy by business multi–lines increases over the future years. The SLC for business multi–lines is $1.00 more than the SLC for all other lines at the start of the plan on July 1, 2001. Assuming an increase in the SLC for residence and single business lines to $5.80 after only one year, the multi–line business SLC of $7.60 becomes $1.80 more than the residence charge on July 1, 2002. One year later, on July 1, 2002, the difference between the business multi–line charge and the SLC for all other lines increases again to $3.40.[33]

The Notice seeks comments on whether the Commission should adopt the proposed plan as an integrated package as requested by the MAG members.[34] Parties not recommending that the Commission adopt the plan in its entirety are requested to identify exceptions and provide recommendations for necessary changes.[35]

In response, GSA urges the Commission to modify the proposed structure of monthly access charges for rate–of–return carriers. If a greater business multi–line SLC is indeed necessary, the difference should be minimal and not increase over time. Since rate–of–return carriers principally serve less populated areas, they do not generally enjoy a large base of multi–line users. A lower multi–line SLC will not have a large impact on the overall revenues for these carriers, but this further revision will be a significant step in aligning rates with costs for all LECs coming under the price cap rules.

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33 Business multi–line SLC of $9.20 monthly and SLC of $5.80 monthly for all other lines.

34 Notice, para. 15.

35 *Id.*

IV. THE PLAN PROVIDES DUAL PATHS TO A MORE EFFICIENT REGULATORY FRAMEWORK.

A. Transition options meet the diverse needs of rate–of–return LECs.

Prior to the start of the plan, all carriers not under price caps would be required to select between two regulatory frameworks — "Path A" or "Path B."[36] Provisions of the plan concerning increases in SLCs and reductions in IXCs' charges are identical for all participants, but the remaining features of the plan differ for carriers on these two paths.

LECs on "Path A" will have a period of five years from the start of the plan to transition each of their study areas from rate–of–return regulation to a new form of incentive regulation.[37] This incentive regulation will be based on the carrier's revenue per line ("RPL"), which will be adjusted annually for inflation.[38] The annual revenues for a "Path A" LEC will be calculated as the product of its annual RPL and the number of access lines.[39]

The plan also creates a new form of explicit interstate universal service support, know as rate averaging support ("RAS"), that functions similarly to long term support in reducing access charges.[40] RAS will be available to all "Path A" LECs in the National Exchange Carrier Association ("NECA") pool.[41]

All new services offered by "Path A" LECs will be priced at current "market rates" either by NECA as part of the pooling process or by the carrier itself if it is not part of

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36 *Id.*

37 *Id.*, p. 5.

38 *Id.*

39 *Id.*

40 *Id.*, pp. 5–6.

41 *Id.*

the NECA pool.[42] "Path A" also provides for adjustments to incentive–based pool settlements and streamlining of existing processes when "Path A" LECs in the pool acquire lines, exchanges, or study areas.[43]

In addition, for "Path A" carriers, the plan establishes a weighted aggregate target for these usage–based charges, called the Composite Average Rate ("CAR").[44] "Path A" pool switched access rates will be adjusted to meet this target. The CAR for non-price cap LECs is currently 3.94 cents per minute, but this charge will be reduced to 1.6 cents per minute by July 1, 2003 — two years after the start of the transition period.[45]

In contrast to the LECs on "Path A", carriers on "Path B" will initially continue under rate–of-return regulation as either average schedule or cost companies.[46] The proponents explain that the option to defer any change in regulatory form recognizes the diverse conditions faced by non–price cap LECs.[47]

LECs on "Path B" will be permitted to transition study areas to "Path A" throughout the five–year period. Since the LECs on "Path B" do not receive the RAS, they will be motivated to transition study areas early in the period, but once shifting to "Path A", no study area may revert to "Path B".[48]

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42 *Id.*, p. 11.

43 *Id.*

44 *Id.*, p. 11.

45 *Id.*.

46 *Id.*, p. 6.

47 *Id.*

48 *Id.*

The Commission will continue rate of return surveillance for all study areas of any carrier not under incentive regulation.[49] The currently authorized interstate rate of return would be used.[50]

B. The plan motivates LECs to shift study areas to incentive regulation early in the five–year period.

As explained in the affidavit accompanying MAG's petition, incentive regulation breaks the direct link between a company's rates and its expenses.[51] Rather than basing rate changes directly on a company's expenses, incentive regulation allows rate actions on the basis of a general external cost standard such as the Gross Domestic Product Price Index, shifting regulatory focus from increasing "equity return" to increasing "economic efficiency."[52] With this flexibility, carriers are motivated to reduce costs, expand service, and invest in new telecommunications technologies.[53]

Of the 1,335 incumbent LECs serving all states, only a handful are currently within the price cap regime.[54] These non–price cap LECs range in size from carriers serving a few hundred customers to "larger" carriers serving thousands of homes.[55] They serve the most rural areas of the United States, as well as some rapidly growing suburban and ex–urban areas.[56]

Although these carriers provide telecommunications services to the parts of the nation that are the most costly to serve, they have not to this point enjoyed the benefits

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49 *Id.*, p. 7.

50 *Id.*

51 Petition, Exhibit 2, p. 2–4.

52 *Id.*

53 *Id.*

54 Industry Analysis Division, *Trends in Telephone Service*, December 2000, Table 5.3.

55 Petition, p. ii.

56 *Id.*

of incentive regulation. The plan proposed by MAG addresses this issue by providing a flexible framework for transition to a more competitive environment that includes two optional paths to incentive regulation. As a possible modification that would be beneficial for consumers, GSA recommends that the Commission consider including an "X–factor" in the incentive formula for carriers transitioning to price caps. This factor would help to reduce access charges in the future. The factor would be set initially at 6.5 percent, as prescribed initially for all carriers under the *CALLS Order*.[57]

"Path A" is designed for LECs that are now ready to move quickly into the new regulatory regime. Indeed, carriers electing "Path A" will have five years from the start of the plan to shift all of their study areas to the form of incentive regulation established in the plan.[58]

MAG anticipates that the LECs selecting "Path A" currently provide the majority of the total access lines for carriers under rate–of–return regulation.[59] This form of incentive regulation acknowledges that the principal costs incurred by rate–of–return LECs are for customer access facilities. During the five–year term of the plan, the annual revenues for incentive regulation will be computed as the product of the RPL, adjusted for inflation, and the number of lines in service. The currently authorized interstate rate of return will remain in place for "Path A" LEC study areas not yet transitioned to incentive regulation.

As for carriers now under price caps, the proposed plan includes a low–end adjustment mechanism for "Path A" LECs.[60] Moreover, the RPL–based form of incentive regulation is designed to be compatible with the pooling system

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57 *CALLS Order*, para. 160.

58 *Id.*

59 *Id.*, p. iii.

60 *Id.*

administered by NECA.[61] Indeed, the plan replaces the more complex two-pool system that NECA now administers with a single pool.[62]

"Path B" is provided for rate–of–return carriers that do not wish to transition any of their study areas to incentive regulation at the start of the plan. These carriers remain under rate–of–return regulation as "average schedule" or "cost" companies, as they have elected in the past.[63] The carriers will be permitted to implement the new structure of access charges, including greater SLCs, for all study areas.[64] The currently authorized interstate rate of return will remain in place for all carriers electing "Path B".[65]

At any time during the five–year transition period, a "Path B" carrier may exercise the non–reversible option to convert to "Path A" and begin incentive regulation for one of more of its study areas.[66] Motivation to convert as soon as possible is provided by the immediate availability of the RAS for any study areas that switch to "Path A". Moreover, as presently written, the rules contemplate that "Path B" carriers will not have the option to convert to "Path A" after the five–year transition period.[67]

From GSA's perspective, all incumbent LECs should be encouraged to convert to incentive regulation as soon as economically feasible. The proposed plan meets

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61 *Id.*, p. iv.

62 *Id.*

63 *Id.*, p. 6.

64 *Id.*

65 *Id.*, p. 7.

66 *Id.*, pp. 17–18.

67 *Id.*

this goal by providing two paths, each with options that can be specifically tailored to the needs of individual carriers as they vary among study areas.

V. THE COMMISSION SHOULD NOT FREEZE THE INTERSTATE RATE OF RETURN AT THE CURRENTLY AUTHORIZED LEVEL.

The Notice asks parties to comment on whether the Commission should terminate its current rate–of–return proceeding and maintain the currently authorized return of 11.25 percent if it adopts the proposed regulatory plan.[68] This return would apply for all study areas that have not transitioned to incentive regulation. Also, this return would serve as the benchmark for the "low–end adjustment" level of 10.75 percent, which acts as a "safety net" for carriers that have transitioned to incentive regulation.[69]

In response to the request in the Notice, GSA urges the Commission not to terminate its current rate–of–return proceeding. Although the rate–of–return proceeding, CC Docket No. 98–166, has been quiescent since mid–1999, the Commission has not issued an order to address the appropriate unitary rate of return for all carriers under its jurisdiction.

GSA participated actively in the most recent proceedings in CC Docket No 98–166 by filing a Reply to Direct Cases provided by carriers and Reply Comments addressing previous submissions by all parties.[70] In those submissions, GSA explained that the current 11.25 percent authorized return is far above the level necessary to meet the expectations of investors and attract new capital in view of the current conditions in financial markets and the current level of competition for interstate

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68 Notice, para. 7.

69 Petition Exhibit 3, p. 3–13.

70 *In the Matter of Prescribing the Authorized Unitary Rate of Return for Interstate Services of Local Exchange Carriers*, CC Docket No. 98–166, GSA Reply to Direct Cases, March 16, 1998; and Reply Comments of GSA, March 16, 1999.

services.[71] A lower authorized rate of return would lead to reductions in access charges that will ultimately benefit end users.

The interstate authorized rate of return continues to be a significant issue even when all LECs have transitioned to incentive regulation. This level in turn establishes the low–end adjustment threshold for all incumbent LECs, including the carriers that have been under price caps for many years. If proceedings are resumed, it is likely that the Commission will find that the currently authorized interstate return is excessive. Therefore, GSA urges the Commission not to perpetuate this prescribed return level, either explicitly by terminating the open proceedings or implicitly by not taking any steps to address the appropriate interstate rate of return.

VI. RELIABLE COST ESTIMATES SHOULD BE OBTAINED BEFORE REMOVING EXISTING CAPS OR INITIATING NEW SUPPORT PROGRAMS.

The plan increases lifeline support consistent with the *CALLS Order* for all rate–of–return LECs.[72] Also, the plan removes the existing caps on high–cost support and certain other universal service support in order to recognize the increased costs of providing modern telecommunications services in less populated areas.[73]

The Notice identifies a number of issues concerning support levels for rate–of–return carriers. For example, the Notice asks whether it is appropriate to cap support for the existing price cap carriers, but not for carriers switching to incentive regulation.[74] Also, the Commission asks whether the impact of increased support levels is likely to be fully offset by declines in charges and other benefits to consumers

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71 *Id.*, GSA Reply to Direct Cases, pp. 14–16.

72 Petition, p. 4.

73 *Id.*

74 Notice, para. 17.

resulting from implementation of the plan.[75] In addition, the Commission requests comments on whether it should adopt a provision similar to that included in the *CALLS Order* for recovery of universal service contributions through a separate rate element or line item.[76]

From GSA's perspective as a consumer, these are important questions that must be answered before approving the program. However, with the present state of the record, there is insufficient information for informed judgments on these issues.

The Petition and accompanying exhibits provide no estimates of costs, but it appears that the program could be costly. Lifeline support levels will be increased for subscribers of carriers on both paths.[77] Moreover, the current ceilings on high–cost and other universal service support will be removed for all of these carriers.[78] In addition, the plan sets up RAS as a new form of universal service support for all "Path A" carriers in the NECA pool.[79] While this support serves the dual functions of reducing per–minute access charges and motivating rate–of–return LECs to switch to "Path A", its costs are not specified.

GSA looks forward to consideration of data that may be provided in response to the Notice by participants and other carriers. GSA plans to offer its conclusions and recommendations on issues concerning support levels when this important data are available.

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75 *Id.*

76 *Id.*

77 Petition, p. iii.

78 *Id.*

79 *Id.*, p. iv.

VII. CONCLUSION

As a major user of telecommunications services, GSA urges the Commission to implement the recommendations set forth in these Comments.

Respectfully submitted,

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February 26, 2001

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I, MICHAEL J. ETTNER, do hereby certify that copies of the foregoing "Comments of the General Services Administration" were served this 26th day of February, 2001, by hand delivery or postage paid to the following parties.

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