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August 20, 2001

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TW-A325
Washington, D.C. 20554

Re: Written *Ex Parte* Presentation
CC Docket No. 80-286

Dear Ms. Salas:

The United States Telecom Association (USTA) has urged the Common Carrier Bureau to eliminate the ARMIS 43-04 (Jurisdictional Separations) Report.¹ The FCC's decision to impose an interim freeze of certain jurisdictional cost categories and allocation factors has eliminated the need for this report. Nothing in the report will provide any information relevant to the separations freeze or any information relevant to further separations reform efforts.

However, in reply comments filed August 6, 2001, AT&T suggests that the local switching and local transport columns of the report should be maintained to assist in evaluating whether the average traffic sensitive rates price cap ILECs file in their Tariff Review Plans (TRPs) comply with the CALLS plan. This suggestion should be rejected for the following reasons.

First, the FCC's rules define the average traffic sensitive charge as calculated based on proposed revenues and base period minutes of use. Thus, proposed prices and base period demand is used, not the embedded historical costs, revenues or frozen study factors reported in ARMIS. The embedded costs reported in ARMIS reflect statewide average costs that make ARMIS an ineffective tool for comparison to tariff prices that, in many cases, are set by density zones. Further, the ARMIS data in the columns to which AT&T refers (columns j, k, l, and m) contain more services than those included in the local switching and local transport price cap baskets also making any comparison invalid.

Second, adjustments to prices are the result of changes in price cap indices. These indices are not developed from ARMIS data. The Price Cap Index is an index of the prices that apply to each basket of services. Pursuant to the CALLS plan, this index is adjusted using

¹ Common Carrier Bureau Seeks Comment on Proposed Streamlined ARMIS 43-04 (Jurisdictional Separations) Report, CC Docket No. 80-286, USTA Comments filed Jul. 20, 2001 and USTA Reply Comments filed Aug. 6, 2001.

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inflation, a prescribed productivity factor percentage and target prices codified in the FCC rules. The Service Band Index is simply a subindex of the prices for each category or subcategory. Increases or decreases must be within specified ranges. The Actual Price Index is a weighted aggregate index of the prices charged for the services in a basket. This calculation involves proposed and existing prices and demand. The ARMIS columns AT&T seeks to maintain contain embedded historical information that is now subject to an interim freeze. Continuing to report frozen study items, such as minutes of use, would not provide useful information since the related study factors will not change.

Embedded cost information and frozen study factors are not used to determine prices for price cap ILECs and will not be helpful in determining whether average traffic sensitive rates are in compliance with CALLS. The TRP contains sufficient information for the FCC and interested parties to evaluate prices. The FCC should seize this opportunity to eliminate a report that serves no purpose.

In accordance with Section 1.1206(a)(1) of the Commission's rules, an original and a copy of this notice are being filed in the Office of the Secretary. Please include a copy of the letter in the above-referenced proceeding. If there are any questions regarding this submission, please contact the undersigned.

Respectfully submitted,

A handwritten signature in black ink that reads "Linda L. Kent". The signature is written in a cursive style with a large, looping initial "L".

Linda L. Kent

Associate General Counsel

cc: Dorothy Attwood
Carol Matthey
Tim Peterson
Joanne Lucanik