

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the Matter of

Federal-State Joint Board on  
Universal Service

CC Docket No. 96-45

**REPLY COMMENTS OF VERIZON<sup>1</sup> ON PROPOSAL TO  
UPDATE PROXY MODEL INPUTS**

Almost all of the commenters agree with the Bureau's proposal to update the line counts in the universal service model using the line count data that the carriers currently report each quarter.<sup>2</sup> However, rather than support this sensible approach of using existing data reports to update the model, AT&T and WorldCom go a step further and argue that the Commission should require the incumbent local exchange carriers to submit line count data by class of service.<sup>3</sup> This new reporting requirement would be both unnecessary and unduly burdensome. The Bureau's proposal to allocate line count data among classes of service using the distribution of lines in the *1999 Data Request* will provide reasonable accuracy. However, preparation of the *1999 Data Request* took several weeks, and requiring similar filings every time the Bureau decided to update the model's line counts would impose substantial costs that would outweigh any potential benefits. To prepare a report of lines by class of service, carriers must analyze their customer records, write new software queries to account for new services and the addition or deletion of

---

<sup>1</sup> The Verizon telephone companies ("Verizon") are the affiliated local telephone companies of Verizon Communications Corp. These companies are listed in Attachment A.

<sup>2</sup> *See* BellSouth at 1; Florida PSC at 2; Qwest at 1.

wire centers, run the queries, and verify the data. These efforts would not be justified by any potential increase in the accuracy of the model, as any change in the distribution of lines among services would have a much less significant impact on per-line costs than the change in the distribution of customer locations, which directly affects the sizing and extension of feeder and distribution facilities. Even AT&T admits (at 6) that the Bureau's approach of allocating lines among classes of service using the distribution in the *1999 Data Request* is sufficient, and AT&T does not contend that this methodology would make the model less accurate in terms of estimating the cost of universal service.<sup>4</sup> If the Bureau wants to make the model more accurate, it should put its efforts into updating customer locations, especially by accounting for customers located along new roads.

Regardless of whether the Bureau requires the carriers to file line count data by class of service or by wire center, as they do today, the Bureau should reject AT&T's argument (at 5-6) that these data should be made publicly available. As BellSouth notes (at 1), line count data are competitively sensitive, and their publication would put the incumbent local exchange carriers at a disadvantage. AT&T's argument that carriers need access to these data to verify the integrity of the model is irrelevant – the model platform does not change simply because the Bureau updates the inputs, and any party that needed access to the data to conduct its own tests could obtain access by signing a protective agreement.

---

<sup>3</sup> *See* AT&T at 5; WorldCom at 1.

<sup>4</sup> The Bureau also should reject AT&T's argument (at 7) that the incumbent local exchange carriers should match the line counts in the quarterly wire center reports with the wire centers in the *1999 Data Request*. This was not necessary in the *Line Counts Update Order*, and there is no reason to impose such an obligation in the next update.

The Bureau should reject AT&T's argument (at 4) that the Commission should use projected line counts rather than actual line count data as inputs for the model. AT&T argues that the line count data should be projected to the period in which support will be paid (*i.e.*, projected year 2002 data should be used, rather year-end actual 2000 line count data, to develop per line costs for year 2002 support) using a straight line extrapolation of historical line count growth. This simplistic approach would contain a high degree of error, as growth in lines is anything but linear, especially by wire center.

### **Conclusion**

The Bureau should adopt its proposal to update the line counts in the model without adding new reporting burdens (or requirements) on the incumbent local exchange carriers, provided that the Bureau updates the associated customer location data as well to avoid understating loop costs. Similarly, the Bureau's proposal to update other model inputs should be done in a way that overcomes the model's tendency to understate costs.

Respectfully submitted,

By: \_\_\_\_\_/S/

Joseph DiBella

1515 North Court House Road

Room 411

Arlington, VA 22201-2909

(703) 351-3037

joseph.dibella@verizon.com

Attorney for the Verizon  
telephone companies

Of Counsel  
Michael E. Glover  
Edward Shakin

Dated: October 10, 2001

THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

Contel of the South, Inc. d/b/a Verizon Mid-States  
GTE Midwest Incorporated d/b/a Verizon Midwest  
GTE Southwest Incorporated d/b/a Verizon Southwest  
The Micronesian Telecommunications Corporation  
Verizon California Inc.  
Verizon Delaware Inc.  
Verizon Florida Inc.  
Verizon Hawaii Inc.  
Verizon Maryland Inc.  
Verizon New England Inc.  
Verizon New Jersey Inc.  
Verizon New York Inc.  
Verizon North Inc.  
Verizon Northwest Inc.  
Verizon Pennsylvania Inc.  
Verizon South Inc.  
Verizon Virginia Inc.  
Verizon Washington, DC Inc.  
Verizon West Coast Inc.  
Verizon West Virginia Inc.