

argument focuses on whether they may use their proprietary cost models to develop their vertical features rates.⁴⁶⁹

281. As discussed previously, the cost support material needed for basic query service and vertical features differs. As noted in paragraph 11, the 800 data base basic query service is classified as a restructured service, while vertical features are treated as new services. When filing rates for a restructured service, LECs must provide sufficient information to explain how they have recalculated the actual price index and applicable service band index.⁴⁷⁰ To support vertical features the LECs have to submit cost support showing that the rates for these new services would recover the direct costs of providing these features and reasonable overheads.

282. Applicants originally offered the following plan for disclosing information about the CCSCIS model in this proceeding: (1) Bellcore would assist the Bureau in its evaluation of the reasonableness of the model; (2) equipment vendors would certify that the price, capacity and discount information provided to Bellcore was accurately reflected in the models used by the BOCs; and (3) intervenors would have access to redacted documentation upon execution of an appropriate non-disclosure agreement. The BOCs relying upon the CCSCIS model did not offer to disclose information about vendor equipment prices, resource consumption figures, equipment capacities or algorithms or other information considered proprietary by Bellcore.⁴⁷¹ In the *800 Cost Disclosure Order*, the Bureau noted that the participating BOCs did not offer to provide even an edited version of the software for the CCSCIS model.⁴⁷² In contrast, a working, albeit redacted, copy of the software had been provided to interested parties in the ONA investigation. The Joint Application now expands the disclosure offer to include "documentation in virtually unredacted form."⁴⁷³

⁴⁶⁹ That same month, nine LECs filed supplemental cost support on the record in this investigation. See paragraph 16, *supra*. Seven of these LECs filed cost support based on their historical costs and did not disclose the cost models that they had used to provide cost support for their direct cases.

⁴⁷⁰ Section 61.49(f) of the Commission's Rules, 47 C.F.R. § 61.49(f); *LEC Price Cap Order*, 5 FCC Rcd at 6825-26.

⁴⁷¹ See Joint Petition for Waiver at 11.

⁴⁷² *800 Cost Disclosure Order*, 9 FCC Rcd at 718.

⁴⁷³ Joint Application at 6 n.20.

B. ONA INVESTIGATION

283. In the Computer III proceeding,⁴⁷⁴ the Commission initiated a process for replacing the structural separation requirements that had governed the BOCs' enhanced service operations with nonstructural safeguards, including ONA. ONA was designed to unbundle certain services provided by BOCs, both to promote efficient and innovative use of the network by independent enhanced service providers and to prevent discrimination by BOCs in their offerings of basic service elements (BSEs)⁴⁷⁵ to competing enhanced service providers and BOC-owned enhanced service providers. The Commission concluded that the provision of unbundled basic service would promote the ability of the BOCs' enhanced service provider competitors to compete effectively. The Commission therefore ordered the BOCs to unbundle from their existing feature group access arrangements the optional features called BSEs.⁴⁷⁶

284. The Commission required the LECs to reprice the unbundled services that had formerly been included in Feature Groups according to the price cap rules for a restructure.

⁴⁷⁴ Amendments of Section 64.702 of the Commission's Rules and Regulations, Report and Order, CC Docket No. 85-229, 104 FCC 2d 958 (1986); *recon.*, 2 FCC Rcd 3035 (1987); *further recon.*, 3 FCC Rcd 1135 (1988); *second further recon.*, 4 FCC Rcd 5927 (1989); Report and Order, CC Docket No. 85-229, 2 FCC Rcd 3072 (1988); *recon.*, 3 FCC Rcd 1150, *vacated sub nom.* California v. FCC, 905 F.2d 1217 (9th Cir. 1990); *see also* Computer III Remand Proceedings: Bell Operating Company Safeguards and Tier 1 Local Exchange Company Safeguards, CC Docket No. 90-623, 6 FCC Rcd 7571 (1991).

⁴⁷⁵ Under ONA, the BOCs distinguish between basic serving arrangements (BSAs) and BSEs. BSAs are the underlying switching and transmission services, for example, trunkside switched access. BSEs are optional unbundled software-based features resident in the switch located in the LEC's central office.

⁴⁷⁶ There are four different types of Feature Group arrangements that IXC's order from LECs to gain access to their networks. Feature Group A access provides connections on the line side of the switch. With this service, callers wishing to use an IXC's interexchange service must dial additional telephone numbers and access codes after being connected to the IXC switch. The transmission quality associated with this type of access is generally inferior to that associated with other access arrangements. With Feature Group B access, the IXC is connected to the trunk side of the switch and has better transmission quality than Feature Group A offers. However, Feature Group B still requires that, to complete their long distance calls, callers dial an additional access code after connection to the IXC switch. Feature Groups C and D, which are also trunk-side connections, have the best available transmission quality and provide for direct connection to the switch, without an access code. Callers merely have to dial "1" before dialing a regular ten-digit telephone number. *See, e.g.*, National Exchange Carrier Association Tariff F.C.C. No. 5, §§ 6.5.1, 6.6.1, 6.7.1, 6.8.1.

This meant that the individual ONA prices for a BSA and all of the associated BSEs that had previously been bundled as a Feature Group had to be offered at the same total price previously charged for the corresponding Feature Group. Additionally, the LECs had to provide "new services" cost support for each BSE. A cost model was useful in the ONA proceeding because LECs originally proposed 41 BSEs, each of which use different combinations and amounts of switch resources.

285. In the ONA proceeding, the Commission required the LECs to disclose redacted versions of the SCIS model upon which they had relied to develop their BSE rates and related software documentation to interested parties, but the Commission did not require that actual price lists and other vendor information be disclosed at all. Further, the Commission required the LECs to submit the SCIS model to an independent auditor that examined the effects of changes in different model inputs on model outputs, to supplement the Commission's review of SCIS.⁴⁷⁷ The Commission also permitted the LECs to limit the interested parties' access to the disclosed information, for example, by permitting one attorney and two cost accounting experts for each intervenor to view the information and by requiring examination of the information on LEC or Bellcore premises. The Commission stated explicitly, however, that carriers should not expect it to accept non-public cost support routinely in the future. Specifically, the Commission stated:

Unusual procedures were necessary in the ONA context to enable a degree of intervenor access to these proprietary models and proprietary network data, including the requirement of an independent review of the software model. While we cannot rule out the prospect that some subsequent rate development method will entail a similar procedure, carriers should not routinely support proposed rates through the use of proprietary models or data. This entails substantial additional burdens on carriers, intervenors and Commission staff in order to ensure intervenors maximum access consistent with protection of proprietary materials. Therefore, when carriers rely on such materials to support tariff filings, they bear a substantial, initial burden of demonstrating the circumstances that preclude reliance on publicly available data.⁴⁷⁸

⁴⁷⁷ *SCIS Disclosure Order*, 7 FCC Rcd at 1536.

⁴⁷⁸ *Open Network Architecture Tariffs of Bell Operating Companies*, CC Docket No. 92-91, 9 FCC Rcd 440, 469 n.163 (1993) (*ONA Investigation Final Order*); *see also* Commission Requirements for Cost Support Material to be Filed with Open Network Architecture Access Tariffs, 9 FCC Rcd 180, 181 n.17 (1993) (*SCIS Disclosure Review Order*).

C. SUMMARY OF PLEADINGS

1. Joint Application for Review

286. The petitioners contend that the Commission should reverse the Bureau's *800 Cost Disclosure Order* on the grounds that the Bureau exceeded its delegated authority and violated both the Communications Act and the Commission's rules. According to the petitioners, the *800 Cost Disclosure Order* "directly countermands a prior order of the full Commission on precisely the same subject."⁴⁷⁹

287. The petitioners claim that the Commission's Orders concluding an investigation of LEC ONA tariffs and setting procedures for using proprietary computer models to develop cost support materials for ONA rates require the Bureau to follow these same procedures for the 800 service tariffs. They claim that the Commission in the ONA proceeding approved the use of proprietary cost models like SCIS, and these procedures only obligated LECs to disclose their models to a limited extent under specific guidelines. The petitioners argue that the Bureau had based its decisions on its claim that vertical features are similar to each other in nature and that the public interest would suffer more by failing to make public disclosure of the cost support for vertical features than the Commission would gain by having a more precise calculation of costs for vertical features. The petitioners argue that the distinctions that the Bureau drew between the present proceeding and the ONA proceeding are specious.⁴⁸⁰ They assert that they have offered to disclose essentially the same information about their cost models in this proceeding as that disclosed in the ONA proceeding.

288. The petitioners argue that cost development in both proceedings relies on two types of information that are extremely confidential: (1) proprietary computer models that can replicate the operation of highly sophisticated digital equipment shared among services and necessary "to perform 800 service feature functions;" and (2) vendor switch pricing data that permit the computer models to assign shared costs on a forward-looking basis.⁴⁸¹ The petitioners state that vertical features were based on forward-looking costs that could be developed accurately only through the use of vendor proprietary data and computer cost models.⁴⁸² The petitioners argue that a reasonable alternative method simply does not exist to

⁴⁷⁹ Joint Application at 2; citing *SCIS Disclosure Review Order*, 9 FCC Rcd 180; *ONA Investigation Final Order*, 9 FCC Rcd 440.

⁴⁸⁰ Joint Application at 8.

⁴⁸¹ *Id.* at 4.

⁴⁸² *Id.* at 5.

cost justify 800 data base vertical features.⁴⁸³ They state that a detailed examination of the equipment, regional data base architecture, regional data base component costs and performance of the regional data base is necessary to determine the costs of providing 800 data base vertical features, and that the characteristics of each regional data base are proprietary to its vendor. Therefore, the petitioners argue, there are no valid distinctions between the cost support required in the ONA investigation and that required in the 800 data base investigation.

2. Comments

289. The commenters unanimously oppose the petitioners' application for review. They uniformly argue that the Bureau is not bound to follow the disclosure procedures employed in the ONA proceeding.⁴⁸⁴ Rather, several commenters argue that the procedures used in the ONA proceeding represented an extraordinary one-time departure from a long history of requiring public disclosure of cost support for tariff rates.⁴⁸⁵ Several commenters state that the facts surrounding cost disclosure in the ONA proceeding are distinguishable from cost disclosure in the 800 data base service proceeding.⁴⁸⁶ Ad Hoc notes that the petitioners have failed to show that there are some circumstances that preclude reliance on publicly available information, as required by the ONA orders.⁴⁸⁷ MCI argues that the petitioners have admitted that the redaction procedures used in the ONA proceeding were burdensome to both petitioners and intervenors, and thus the Bureau was under no obligation to require these ONA procedures in the 800 data base investigation.⁴⁸⁸

3. Joint Reply

290. The petitioners filed a joint reply in which they stress that, in their view, the use of cost models was required because the cost calculations for vertical features were based

⁴⁸³ *Id.*

⁴⁸⁴ Ad Hoc Opposition at 2; MCI Opposition at 4; National Data Opposition at 4-5; Sprint Opposition at 3-4.

⁴⁸⁵ Ad Hoc Opposition at 3; MCI Opposition at 4.

⁴⁸⁶ Ad Hoc Opposition at 5; MCI Opposition at 8 .

⁴⁸⁷ Ad Hoc Opposition at 4. *See ONA Investigation Final Order*, 9 FCC Rcd at 469 n.163; *SCIS Disclosure Review Order*, 9 FCC Rcd at 181 n.17.

⁴⁸⁸ MCI Opposition at 7, *citing* Joint Application at 4.

on forward-looking costs.⁴⁸⁹ The petitioners' reply also states that they have shown why reliance on nonpublic cost support information is necessary, because the computer models at issue in the 800 data base service proceeding are simply different applications of exactly the same models with the same types of vendor information from the same vendors⁴⁹⁰ that the Commission reviewed in the ONA proceeding. The petitioners state that forward-looking cost support will almost always be supported by and derived from some kind of confidential and competitively sensitive information. They argue that it is unfair for the Commission to expect LECs and unregulated equipment vendors to disclose to the public confidential information on which these rates are based.⁴⁹¹ The petitioners also contend that they have already offered to give interested parties "practically everything they want except the vendor data."⁴⁹² The petitioners argue that the Bureau erred by choosing public disclosure over precision in determining the vertical features costs. Petitioners claim that the Bureau deliberately sacrificed precision by not allowing them to use their proprietary cost models.⁴⁹³

D. DISCUSSION

291. We agree with the petitioners' argument that forward-looking costs are an appropriate measure for determining the costs associated with vertical features.⁴⁹⁴ We disagree, however, that it necessarily follows that forward-looking costs can only be determined by reliance on computerized cost models so dependent on proprietary data that they cannot be disclosed.

292. Contrary to the petitioners' claims, the economic and regulatory basis for the ONA and 800 data base filings are factually distinguishable. In the Commission's *Review of SCIS Disclosure Order*, cited by the petitioners, the Commission clearly stated that the ONA procedures were unusual, and that "carriers should not routinely support proposed rates through the use of proprietary models or data."⁴⁹⁵ The Commission further stated in that Order that it did not expect the unusual procedures adopted for review of the ONA tariff to

⁴⁸⁹ Reply to Oppositions to Application for Review (filed Mar. 31, 1994, by Ameritech, Bell Atlantic, Pacific Bell, NYNEX and US West) (Joint Reply).

⁴⁹⁰ Joint Reply at 3.

⁴⁹¹ *Id.* at 4.

⁴⁹² *Id.*

⁴⁹³ *Id.*

⁴⁹⁴ *ONA Investigation Final Order*, 9 FCC Rcd at 455-56.

⁴⁹⁵ *Review of SCIS Disclosure Order*, 9 FCC Rcd at 181 n.17.

be employed in the future without substantial justification.⁴⁹⁶ The Commission reiterated this point in the *ONA Investigation Final Order*, saying that carriers wishing to rely on cost support that is not available on the public record would have to meet a "substantial, initial burden of demonstrating the circumstances that preclude reliance on publicly available data."⁴⁹⁷

293. The LECs' only attempt to make the requisite showing is through their claim that it is impossible for them to determine the costs of vertical features without a model like CCSCIS that uses proprietary engineering data from equipment vendors and cannot be disclosed even to parties signing a non-disclosure agreement. We find it instructive, however, to look at the cost support filed by GTE in this proceeding. GTE did not use CCSCIS, but rather developed its own cost model, which allocated investment based upon message signalling units. Using this methodology, GTE was able to allocate investment among services as diverse as 800 data base, LIDB and calling party name (CNAM). GTE did file a redacted version of its model on the record, while disclosing proprietary GTE and vendor information only to interested parties who signed non-disclosure agreements. GTE's filing demonstrates that it is possible to disclose cost models to interested parties without compromising a vendor's interest in protecting the confidentiality of its proprietary information. GTE's model shows all assumptions used in the study, the invoiced costs of all of the equipment needed to provide 800 data base service and the total usage of the equipment -- which includes usage by all services including 800 data base. GTE's cost model therefore clearly displays all of the information required by interested parties to determine the reasonableness of the rates. Therefore, petitioners have failed to meet their substantial burden of demonstrating that they should be able to use cost support data that is not disclosed to interested parties.⁴⁹⁸

294. We also find, contrary to the petitioners' argument, that the Bureau did not sacrifice precision when it did not allow the cost models to be used on a confidential basis. We find that the Bureau reasonably balanced the benefits of precision in determining 800 data base vertical features costs against the need for intervenors to participate as fully as possible in the 800 data base investigation. The LECs believe that the ONA proceeding established that the cost models can answer precisely how much investment is required to provide a particular new service. The Commission recognized in its *800 Cost Disclosure Order* that there is some merit in that position when 800 data base vertical features are involved. The costs and revenues associated with vertical features, however, are expected to

⁴⁹⁶ *Id.*

⁴⁹⁷ *ONA Investigation Final Order*, 9 FCC Rcd at 469 n.163.

⁴⁹⁸ *Id.*

be much less than the costs and revenues associated with basic 800 data base service.⁴⁹⁹ Thus, pinpoint accuracy is not as important for vertical features.

295. Petitioners offered to provide an unredacted CCSCIS model to the Commission. We conclude, however, that Commission review by itself would not be adequate to ensure that 800 data base rates are just and reasonable. It has been our experience that disclosure to interested parties allows for a much more rigorous testing of the assumptions of the model and a better understanding of the results. Interested parties have specific experience, knowledge and resources that the Commission staff may not have. Disclosure to interested parties can subject the cost support to analysis from many different perspectives that may provide additional insight to the staff. When we weigh the precision that the LECs' computerized cost models may provide against the benefits we have outlined, as well as the fairness that disclosure to interested parties can produce, we find that the Bureau was correct. The benefits that could be obtained by using undisclosed cost models were outweighed by the benefits that could be obtained from fuller disclosure to interested third parties.

296. For the reasons discussed above, we conclude that the Bureau acted correctly when it required the LECs either to disclose the proprietary cost models they used to develop their 800 data base vertical features rates or to use alternative cost methodologies. We, therefore, deny the joint application for review. We also deny US West's petition for reconsideration of the 800 Cost Disclosure Order. The arguments raised in that petition were fully addressed by the Bureau in the *800 Cost Disclosure Order*,⁵⁰⁰ which denied US West's

⁴⁹⁹ Initial reports of actual demand for vertical services indicate that the BOCs' revenue forecasts have generally far exceeded the actual demand. See letter from Donna M. Hermerding, Director - Federal Regulatory, Ameritech, to William F. Caton, Acting Secretary, FCC (March 31, 1994) (Ameritech projected \$8.3 million in vertical services revenue from May 1993 to April 1994 but reported actual revenue of only \$50.2 thousand from May 1993 to December 1993); letter from R.W. Fleming, Operations Manager, BellSouth, to Secretary, Federal Communications Commission (January 13, 1994) (BellSouth projected \$2,307,000 in vertical features revenue during the first year, actual revenue for the five months from April 30, 1993 to September 30, 1993 was \$8,902); letter from Maureen Keenan, Director - FCC Relations, Bell Atlantic, to William F. Caton, Acting Secretary, FCC (December 28, 1993) (Bell Atlantic projected \$326,846 in vertical features revenue during the first year, actual revenue from the period May 1993 to September 1993 was \$643); letter from JoAnn Goddard, Director, Federal Regulatory Relations, to William F. Caton, Acting Secretary, FCC (March 23, 1994) (Pacific shows total 1993 revenue of \$14,203 for 800 data base vertical features); letter from Eugene J. Baldrate, Director - Federal Regulatory, SNET, to William F. Caton, Acting Secretary, FCC (April 12, 1994) (SNET projected \$26.6 thousand in vertical services revenue in 1993, showed actual revenue of \$0).

⁵⁰⁰ *800 Cost Disclosure Order*, 9 FCC Rcd 715.

petition for waiver. We affirm in this decision the Bureau's resolution of the arguments raised in US West's petition for waiver and in its petition for reconsideration.

V. GTE REVISED PETITION FOR WAIVER

297. On March 11, 1994, GTE filed a revised petition for waiver.⁵⁰¹ GTE states that it wants to prevent full public disclosure of the proprietary aspects of its cost study, which is based on its computerized cost model. It is willing to fully disclose the material to all interested parties, but wishes to do so under protective agreements.⁵⁰² On March 15, 1994, GTE filed a redacted version of its cost study, as supplemental cost support in this investigation. In its letter accompanying the model, GTE states that the information it redacted constitutes intellectual property and trade secrets. The letter also states that the cost study contains highly sensitive pricing, engineering and technical data of GTE and its equipment vendors. GTE claims that disclosure of this information to its competitors could enable them to identify GTE's operational and business plans, and then undercut GTE's business. GTE therefore asserts that any disclosure of this information could have a significant, long-term, negative impact on its ability to compete in "its marketplace."⁵⁰³ MCI examined and based its comments on GTE's proprietary cost support material under the terms of its nondisclosure agreement.⁵⁰⁴

298. Based on our review of GTE's cost study and the pleadings, we have determined that most of the information that GTE has redacted⁵⁰⁵ concerns pricing or capacity data that it obtained from equipment vendors and that constitutes sensitive pricing, engineering and technical information of those vendors.⁵⁰⁶ The remainder of the redactions

⁵⁰¹ Revised Petition for Waiver, filed Mar. 11, 1994 (Revised Petition).

⁵⁰² *Id.* at 2.

⁵⁰³ Letter from Gail L. Polivy, GTE, to William F. Caton, Acting Secretary, FCC (Mar. 15, 1994); *see also*, Revised Petition at 3 (pricing for equipment was furnished by equipment vendors with the understanding that the contract details concerning pricing and sizing parameters would be held proprietary).

⁵⁰⁴ *See* MCI Opposition at 21; GTE Reply at 2.

⁵⁰⁵ GTE Worksheet 3A, lines 4-5 (SCP Capitalized Hardware) and 37-43 (SCP Expensed Software/Right To Use Fees - Common); GTE Worksheet 3B, lines 9-10 (SCP Expensed Software/Right To Use Fees - Database 800 only); GTE Worksheet 4A and 4B (Calculation of SCP Processing/Memory Costs).

⁵⁰⁶ While GTE has not identified which vendors provided the equipment in question, the record in this proceeding establishes that many equipment vendors have expressed concern about the confidentiality of the pricing and technical information they have provided to the LECs. *See*

concerned internal GTE demand projections that it considers highly sensitive commercial information.⁵⁰⁷ We find that disclosure of the redacted information would disclose both vendor and GTE information that is commercial or financial information that is privileged and confidential. We also conclude that disclosure of this information would harm the vendors competitively.⁵⁰⁸ We therefore determine that the redacted portions of GTE's cost study constitute confidential materials exempt from disclosure under Section 552(b)(4) of the Freedom of Information Act⁵⁰⁹ and the Commission's implementing regulations⁵¹⁰ and, thus, we will keep them from being disclosed to the public.

299. In its March 11 petition for waiver, GTE states that it will disclose its model in its entirety to any interested party willing to comply with the nondisclosure agreement attached to its revised petition.⁵¹¹ We have reviewed this nondisclosure agreement, and have found no provisions that would preclude parties from effectively participating in the 800 data

letter from M.R. Bruening, Service, Cost, Tariff and Regulatory Consultant, AT&T Network Systems, to James F. Britt, Executive Director, Bellcore (Aug. 23, 1993) ("The degree of competitive harm is such that even the smallest risk that the non-disclosure agreement might be violated is sufficient ... to lead AT&T-[Network Systems] to the conclusion that this recommended approach is not acceptable."); letter from William R. Tempest, Vice President, Secretary and General Counsel, DSC Communications Corporation, to James Britt, Executive Director, Bellcore (Aug. 24, 1993) (saying that disclosure under protective agreements is "unacceptable. Regardless of the safeguards imposed, at least one of our major competitors would have access to highly sensitive information concerning our products."); letter from John Beall, Northern Telecom Inc. to James F. Britt, Executive Director, Bellcore (Aug. 13, 1993) ("information provided by Northern Telecom to Bellcore in connection with the CCSCIS model is similar to that provided ... with respect to Bellcore's SCIS model...." It would object to disclosure under a protective agreement.); letter from L. Michelle Boeckman, Counsel, Ericsson, to Robert McKenna, US West (Sept. 16, 1993) ("strenuously protests ... proposed public release in connection with the 800 data base tariffs of Ericsson's proprietary information.").

⁵⁰⁷ GTE Worksheet 1, lines 6-11 and 24-26. The redacted information concerns demand for services other than 800 data base that are provided by the regional data base. The demand for 800 data base service is disclosed on the record at Worksheet 1, lines 12 and 29-35.

⁵⁰⁸ For another discussion of the proprietary nature of this kind of engineering and pricing information to vendors, see *Allnet Communications Services, Inc.*, FOIA Control No. 92-266, 7 FCC Rcd 6329, 6330 (1992) (*Allnet FOIA Review Order*); *upheld Allnet Communications Services, Inc. v. FCC*, 800 F. Supp. 984 (D.D.C. 1992).

⁵⁰⁹ 5 U.S.C. § 552(b)(4).

⁵¹⁰ 47 C.F.R. §§ 0.457(d), 0.459.

⁵¹¹ Revised Petition at 2 and Exh. A.

base investigation. We conclude that GTE's provision of its proprietary cost support information under the terms of its non-disclosure agreement was not unreasonable. Because GTE established that its cost support information includes proprietary material, we find that GTE has shown good cause for waiver of the *800 Cost Disclosure Order* to the extent necessary to disclose that information under nondisclosure agreements. Accordingly, we grant GTE's revised waiver request.

VI. UNITED AND GTE PETITIONS FOR STAY AND APPLICATIONS FOR REVIEW

300. As noted in paragraph 12, the *Suspension Order* in this proceeding suspended the subject transmittals for one day, imposed accounting orders, and initiated an investigation of the LECs' 800 data base access tariffs and the BOCs' central data base tariff. The Bureau also partially suspended for five months, based on a statistical analysis,⁵¹² the rates for GTE and United to the extent that they exceeded \$.0067 per query, pending investigation of the reasonableness of the amounts in excess thereof. The *Suspension Order* further required GTE and United to file tariff revisions reflecting these partial suspensions. GTE and United each filed motions for stay of the partial suspension.⁵¹³ Further, GTE and United each filed an application for review of the Bureau's action partially suspending these query rates.

301. United argues that the Bureau's action failed to take into account the cost data filed by the carriers, particularly its projections of demand. GTE argues that the Bureau's partial suspension of GTE's query rate did not give the carrier a full opportunity for a hearing as required by Section 205 of the Communications Act, was contrary to the record evidence and exceeded the Bureau's authority under Section 204(a) of the Communications Act.⁵¹⁴ GTE further argues that the Section 204(a) authority to partially suspend rates was limited to existing services.

302. MCI, National Data and Ad Hoc filed oppositions to GTE's application for review. Ad Hoc, MCI and National Data each argue that the partial suspension that the Bureau ordered was not a prescription of rates for which the carrier must be provided a full

⁵¹² The statistical analysis found that the industry mean rate was \$.0044 per query and the standard deviation was \$.0023 per query, resulting in a threshold rate of \$.0067 per query. The affected carriers were required to file tariff revisions reflecting the partial suspension of their basic 800 data base query rates. See *Suspension Order*, 8 FCC Rcd at 3244-45.

⁵¹³ GTE Emergency Motion for a Stay (April 29, 1993); United Petition for Stay (April 28, 1993).

⁵¹⁴ 47 U.S.C. §§ 204(a) and 205.

opportunity for hearing.⁵¹⁵ Further, Ad Hoc, MCI and National Data each argue that the Commission has previously partially suspended rates under the authority of Section 204(a).⁵¹⁶

303. We find that United's arguments in its application for review ignore the fact that the cost data filed in support of its tariff was subject to revision. In fact, United later substantially reduced its requested level of exogenous costs because of a significant change in its demand projections. With regard to the arguments raised by GTE, we have previously considered and rejected precisely those arguments.⁵¹⁷ We hereby affirm the Bureau's action in partially suspending GTE and United's 800 data base query rates for a five month period and deny their applications for review of that action. Finally, we dismiss as moot the petitions for stay filed by GTE and United because the partial rate suspension for which they seek a stay expired on October 1, 1993.

VII. ORDERING CLAUSES

304. Accordingly, IT IS ORDERED that, pursuant to authority contained in Sections 1, 4, 201-205 and 218 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154, 201-205 and 218, that the policies and requirements set forth herein ARE ADOPTED.

305. IT IS FURTHER ORDERED that this Order will be effective thirty (30) days after publication of a summary thereof in the Federal Register.

306. Accordingly, IT IS FURTHER ORDERED, pursuant to Section 4(i) of the Communications Act of 1934, 47 U.S.C. § 154(i), that the tariff provisions filed by the Ameritech Operating Companies, the Bell Atlantic Telephone Company, BellSouth Telecommunications, Inc., GTE Telephone Service Company and the GTE Telephone Operating Companies, Pacific Bell Telephone Company, Southern New England Telephone Company, Southwestern Bell Telephone Company, U S West Communications, Inc. and the United Telephone Companies ARE UNLAWFUL to the extent indicated herein.

307. IT IS FURTHER ORDERED that the Bell Atlantic Telephone Company, GTE Telephone Service Company, the GTE Telephone Operating Companies, Southern New

⁵¹⁵ Ad Hoc Opposition at 5, MCI Opposition at 2-3 and National Data Opposition at 7; *citing* Local Exchange Carriers' Individual Case Basis DS3 Service Offerings, Memorandum Opinion and Order, 6 FCC Rcd 4776, 4777 (1991) (*Dark Fiber Order*), *remanded on other grounds*, Southwestern Bell Telephone Company v. FCC, 19 F. 3d 1475 (1994) (remanded on the issue of whether the Commission has the authority to regulate dark fiber as a common carrier service).

⁵¹⁶ MCI Opposition at 5-7 and National Data Opposition at 3, *citing Dark Fiber Order*, 6 FCC Rcd 4776.

⁵¹⁷ *See Dark Fiber Order*, 6 FCC Rcd 4776.

England Telephone Company, the NYNEX Telephone Companies, Pacific Telephone Company, Southwestern Bell Telephone Company, U S West Communications, Inc. and the United Telephone Companies shall adjust their PCIs to reflect the disallowances ordered in paragraph 86, *supra*, and Appendix C.

308. IT IS FURTHER ORDERED that the costs of the Ameritech Companies that exceed the average of the allowed exogenous costs for the other Bell Operating Companies, as specified in paragraph 90, *supra*, ARE DISALLOWED.

309. IT IS FURTHER ORDERED that Bell Atlantic shall adjust its PCI to reflect the disallowances required in paragraphs 57, 102, 110, 115, 116 and 136, *supra*.

310. IT IS FURTHER ORDERED that BellSouth shall modify its tariff as required in paragraph 26, *supra*, and adjust its PCI to reflect the disallowance in paragraph 115, *supra*.

311. IT IS FURTHER ORDERED that Southern New England Telephone Company shall adjust its PCI to reflect the disallowance in paragraph 57, *supra*.

312. IT IS FURTHER ORDERED that the New York and the NYNEX Telephone Company shall adjust its PCI to reflect the disallowance in paragraph 115, *supra*.

313. IT IS FURTHER ORDERED that the Pacific Bell Telephone Company shall adjust its PCI to reflect the disallowance in paragraph 125, *supra* and shall modify its tariff as required in paragraph 174, *supra*.

314. IT IS FURTHER ORDERED that U S West Communications, Inc. shall modify its tariff as required in paragraphs 27, 174 and 195, *supra*.

315. IT IS FURTHER ORDERED that the United Telephone Company shall adjust its PCI to reflect the disallowances in paragraphs 57, 110, 115 and 116, *supra*, and modify its tariff as required in paragraph 27, *supra*.

316. IT IS FURTHER ORDERED that, any local exchange carrier that filed tariffs subject to sections 61.41 through 61.49 of the Commission's rules, 47 C.F.R. §§ 61.41 through 61.49, SHALL RECALCULATE the relevant indexes pursuant to the adjustments ordered in paragraphs 307 through 315, *supra*. The local exchange carriers SHALL FILE the revised indexes no later than 30 days after the release of this order by letter addressed to the Secretary, FCC.

317. IT IS FURTHER ORDERED that any local exchange carrier that filed tariffs subject to sections 61.41 through 61.49 of the Commission's rules, 47 C.F.R. §§ 61.41 through 61.49, and, after the adjustments ordered in paragraphs 307 through 315 *supra*, has an API that exceeds its PCI SHALL FILE tariff revisions that will reduce the API to a level

below the PCI. These tariff revisions SHALL BE FILED no later than 30 days after the release of this Order to be effective on not less than 15 days' notice.

318. IT IS FURTHER ORDERED that the Commission delegates authority to the Bureau to take action necessary to ensure that the Local Exchange Carriers properly adjust their relevant Price Cap Indices to reflect the requirements of this order.

319. IT IS FURTHER ORDERED that Bell Atlantic, BellSouth, Pacific and United ARE GRANTED a waiver of Section 61.47(a) of the Commission's Rules, 47 C.F.R. § 61.47(a), as discussed in paragraph 164, *supra*.

320. IT IS FURTHER ORDERED that Ameritech, Bell Atlantic, GTE, NYNEX and United ARE GRANTED a waiver of Section 61.3(e) of the Commission's Rules, 47 C.F.R. § 61.3(e), as discussed in paragraph 176, *supra*.

321. IT IS FURTHER ORDERED that any local exchange carrier that offers a tariffed 800 data base query service through the use of a regional data base not owned by that local exchange carrier shall file revisions concerning the application of the per-query charge, as specified in paragraph 204, *supra*.

322. IT IS FURTHER ORDERED that any local exchange carrier that filed tariffs subject to Section 61.38 of the Commission's rules, 47 C.F.R. § 61.38, and uses a rate adjustment factor for unbillable queries exceeding 5 percent, shall make the filings required by paragraph 210, *supra*.

323. IT IS FURTHER ORDERED that Central Telephone Company, Century Telephone of Ohio, Inc., National Exchange Carrier Association, Rochester Telephone Company and Southern New England Telephone Company shall file the tariff amendments ordered in paragraph 27, *supra*.

324. IT IS FURTHER ORDERED that the Bell Operating Companies shall amend BOC Tariff F.C.C. No. 1, as required by paragraphs 218, 223, 228 and 234, *supra*.

325. IT IS FURTHER ORDERED that local exchange carriers SHALL FILE tariff revisions removing Resporg service from their interstate Access Tariffs pursuant to paragraph 47, *supra*. These revisions SHALL BE FILED no later than 90 days from the release of this order to be effective on not less than 15 days' notice. Carriers should reference this order as the authority for these filings.

326. IT IS FURTHER ORDERED that local exchange carriers SHALL RECLASSIFY their Resporg assets and related expenses to nonregulated status no later than the scheduled effective date of the tariff revisions removing the Resporg service from the Interstate Access Tariff.

327. IT IS FURTHER ORDERED that local exchange carriers required to file a cost allocation manual pursuant to Section 64.903 of the Commission's rules⁵¹⁸ or by Commission order SHALL FILE revisions to their manuals implementing the reclassification required herein no later than 30 days after the release of this order, to be effective 60 days after the filing date.

328. IT IS FURTHER ORDERED that any local exchange carrier whose tariff is a subject of this investigation shall take any other action required by this Order but not otherwise specifically enumerated in these ordering clauses.

329. Accordingly, IT IS FURTHER ORDERED that the motions to accept late filed pleadings, filed by the Pacific and Nevada Bell Telephone Companies and the Ameritech Operating Companies, ARE GRANTED.

330. IT IS FURTHER ORDERED that the petition for clarification filed by MCI Telecommunications Corporation, IS DENIED.

331. IT IS FURTHER ORDERED that the petition for reconsideration filed by US West Communications, Inc., IS DENIED.

332. IT IS FURTHER ORDERED that the petitions for review filed by the GTE Service Corporation and the United Telephone Company, ARE DENIED.

333. IT IS FURTHER ORDERED that the petitions for stay filed by the GTE Service Corporation and the United Telephone Company, ARE DISMISSED.

334. IT IS FURTHER ORDERED that the joint application for review, filed by the Ameritech Operating Companies, Bell Atlantic Telephone Company, Pacific Bell Telephone Company, the NYNEX Telephone Companies and U S West Communications, Inc., of the *800 Cost Disclosure Order*, IS DENIED.

335. IT IS FURTHER ORDERED that the request for non-disclosure submitted in GTE's Revised Petition for Waiver of the cost support requirements in *800 Data Base Access Tariffs and the 800 Service Management System Tariff, Order Designating Issues for Investigation*⁵¹⁹ IS GRANTED to the extent provided herein.

⁵¹⁸ 47 CFR § 64.903

⁵¹⁹ *Designation Order*, 8 FCC Rcd 5132.

336. IT IS FURTHER ORDERED that for the purposes of filing tariff revisions pursuant to this Order, section 61.58 of the Commission's Rules, 47 C.F.R. § 61.58, IS WAIVED. Local exchange carriers shall reference the "FCC" number of this Order as the authority for these filings.

FEDERAL COMMUNICATIONS
COMMISSION

William F. Caton
William F. Caton
Acting Secretary

APPENDIX A

List of Parties Filing Direct or Supplemental Cases

Anchorage Telephone Utility (Anchorage)
Ameritech Operating Companies (Ameritech)
Atlantic Telephone Membership Corporation, *et.al.* (Atlantic)
Bell Atlantic Telephone Company (Bell Atlantic)
BellSouth Telecommunications, Inc. (BellSouth)
Bell Operating Companies (BOCs)
Central Telephone Companies (Central)
Century Telephone of Ohio, Inc. (Century)
Cincinnati Bell Telephone Company (Cincinnati)
GTE Service Corporation (GTE)
GVNW Inc./Management (GVNW)
Lafourche Telephone Company (Lafourche)
Lincoln Telephone and Telegraph Company (Lincoln)
National Exchange Carrier Association (NECA)
New York and New England Telephone Company (NYNEX)
Pacific and Nevada Bell Telephone Companies (Pacific) (Nevada)
Rochester Telephone Company (Rochester)
Roseville Telephone Company (Roseville)
Southern New England Telephone Company (SNET)
Southwestern Bell Telephone Company (Southwestern)
Telephone Utilities Carrier Association (TUECA)
United Telephone Companies (United)
U S West Communications, Inc (U S West)

List of Parties Filing Oppositions

Aeronautical Radio, Inc. (ARINC)
Ad Hoc Telecommunications Users Committee (Ad Hoc)
Allnet Communications Services, Inc. (Allnet)
American Telephone and Telegraph Company (AT&T)
Compuserve Incorporated (Compuserve)
First Financial Management Corporation (First Financial)
MCI Telecommunications Corporation (MCI)
National Data Corporation (National Data)
Sprint Communications Company, LP (Sprint)

Appendix B

SUMMARY OF EXOGENOUS COSTS CLAIMED BY LECS

	CATEGORY	AMERITECH \1	BELL ATLANTIC \2	BELLSOUTH	NYNEX \3	PACIFIC	SWB	SNET	US WEST \4	GTE \5	UNITED \6	TOTAL
1	SCP	NA	\$4,925,345	\$270,071	\$1,269,057	\$2,021,744	\$1,093,994	\$124,995	\$1,239,370	\$4,834,043	\$2,473,769	\$18,272,388
2	STP / SCP SIGNALLING LINK	NA	\$263,007	\$30,580	\$33,813	NA	NA	\$3,758	\$63,734	NA	\$977,058	\$1,371,950
3	SCP / SMS SIGNALLING LINK	NA	\$292,250	\$19,949	NA	NA	NA	\$69,407	\$178,885	\$62,847	NA	\$623,318
4	LOCAL STP / REGIONAL STP SIGNALLING LINK	NA	\$1,129,573	\$43,355	\$72,292	NA	NA	NA	NA	NA	\$287,657	\$1,532,877
5	TANDEM SWITCH	NA	NA	NA	NA	\$3,389,308	NA	NA	NA	NA	NA	\$3,389,308
6	SSP	NA	\$90,314	\$424,730	NA	\$795,891	\$1,402,999	NA	\$2,515,552	\$2,581,920	\$570,569	\$8,381,775
7	SMS	NA	\$758,443	\$580,474	\$885,288	\$1,042,279	\$1,153,547	\$425,897	\$289,707	\$1,082,753	\$128,636	\$8,087,034
8	REPAIR CENTER	NA	\$350,578	NA	NA	NA	NA	NA	NA	NA	NA	\$350,579
9	BILLING	NA	\$10,737	NA	NA	NA	NA	\$125,924	\$59,559	\$79,200	NA	\$275,420
10	TOTAL: (SUM OF LNS 1 THRU 9)	NA	\$7,820,248	\$1,349,159	\$2,080,460	\$7,229,020	\$3,650,540	\$749,981	\$4,326,787	\$8,640,763	\$4,437,688	\$40,284,847

Notes:

1. Ameritech in its Supplemental Direct Case, filed March 15, 1994, requested exogenous treatment for \$6,347,095 but provided insufficient detail for staff to disaggregate its costs.
2. Bell Atlantic reduces its exogenous cost claims by \$559,792 to reflect the discontinuance of NXX revenues. Data source -- Supplemental Direct Case, filed March 15, 1994.
3. NYNEX data source -- Supplemental Direct Case, filed March 15, 1994.
4. US West data source -- Reply, filed May 5, 1994.
5. GTE data source -- Supplemental Direct Case, filed March 15, 1994.
6. United data source -- Ex Parte data revision, filed August 25, 1994.

Appendix C

CALCULATION OF DISALLOWANCES OF CLAIMED EXOGENOUS COSTS USING PART 36 SEPARATIONS FACTORS

DESCRIPTION	BELL ATLANTIC	BELLSOUTH	NYNEX	PACIFIC	SWB	SNET	US WEST	GTE	UNITED
1 INTERSTATE SCP COSTS CLAIMED	\$4,925,345	\$270,071	\$1,288,057	\$2,021,744	\$1,093,994	\$124,995	\$1,239,370	\$4,834,043	\$2,473,769
2 PERCENT OF COSTS CLAIMED AS INTERSTATE	82%	NA	78%	49%	NA	100%	85%	67%	67%
3 TOTAL SCP COSTS (L1/L2)	\$6,009,303	NA	\$1,645,389	\$4,126,008	NA	\$124,995	\$1,459,800	\$7,242,012	\$3,711,581
4 PERCENT ALLOWED BY SEPARATIONS RULES 11	34%	NA	17%	11%	NA	50%	17%	14%	16%
5 TOTAL INTERSTATE COSTS (L3*L4)	\$2,060,824	\$270,071	\$284,330	\$472,977	\$1,093,994	\$62,220	\$252,389	\$992,938	\$608,903
6 INTERSTATE STP/SCP LINK COSTS CLAIMED	\$263,007	\$30,560	\$33,813	NA	NA	\$3,758	\$63,734	NA	\$97,058
7 PERCENT OF COSTS CLAIMED AS INTERSTATE	82%	NA	79%	NA	NA	100%	85%	NA	67%
8 TOTAL STP/SCP LINK COSTS (L6/L7)	\$320,889	NA	\$42,894	NA	NA	\$3,758	\$75,069	NA	\$1,465,953
9 PERCENT ALLOWED BY SEPARATIONS RULES 12	27%	NA	27%	NA	NA	25%	27%	NA	25%
10 TOTAL INTERSTATE COSTS (L8*L9)	\$86,733	\$30,560	\$11,585	NA	NA	\$931	\$20,513	NA	\$380,238
11 INTERSTATE SCP/SMS LINK COSTS CLAIMED	\$292,250	\$19,949	NA	NA	NA	\$69,407	\$178,865	\$62,847	NA
12 PERCENT OF COSTS CLAIMED AS INTERSTATE	82%	NA	NA	NA	NA	100%	85%	67%	NA
13 TOTAL SCP/SMS LINK COSTS (L11/L12)	\$356,568	NA	NA	NA	NA	\$69,407	\$210,677	\$94,153	NA
14 PERCENT ALLOWED BY SEPARATIONS RULES 12	27%	NA	NA	NA	NA	25%	27%	25%	NA
15 TOTAL INTERSTATE COSTS (L13*L14)	\$96,377	\$19,949	NA	NA	NA	\$17,201	\$57,567	\$23,184	NA
16 INTERSTATE LSTP/RSTP LINK COSTS CLAIMED	\$1,129,573	\$43,355	\$72,292	NA	NA	NA	NA	NA	\$287,657
17 PERCENT OF COSTS CLAIMED AS INTERSTATE	82%	NA	74%	NA	NA	NA	NA	NA	67%
18 TOTAL LSTP/RSTP LINK COSTS (L16/L17)	\$1,378,167	NA	\$97,504	NA	NA	NA	NA	NA	\$431,593
19 PERCENT ALLOWED BY SEPARATIONS RULES 12	27%	NA	27%	NA	NA	NA	NA	NA	26%
20 TOTAL INTERSTATE COSTS (L18*L19)	\$372,505	\$43,355	\$26,333	NA	NA	NA	NA	NA	\$111,946
26 INTERSTATE TANDEM COSTS CLAIMED	NA	NA	NA	\$3,368,306	NA	NA	NA	NA	NA
27 PERCENT OF COSTS CLAIMED AS INTERSTATE	NA	NA	NA	49%	NA	NA	NA	NA	NA
28 TOTAL TANDEM COSTS (L26/L27)	NA	NA	NA	\$6,876,135	NA	NA	NA	NA	NA
29 PERCENT ALLOWED BY SEPARATIONS RULES 13	NA	NA	NA	19%	NA	NA	NA	NA	NA
30 TOTAL INTERSTATE COSTS (L28*L29)	NA	NA	NA	\$1,315,439	NA	NA	NA	NA	NA
31 INTERSTATE SSP COSTS CLAIMED	\$90,314	\$424,730	NA	\$795,691	\$1,402,998	NA	\$2,515,552	\$2,581,920	\$570,569
32 PERCENT OF COSTS CLAIMED AS INTERSTATE	82%	NA	NA	49%	72%	NA	85%	67%	67%
33 TOTAL SSP COSTS (L31/L32)	\$110,180	NA	NA	\$1,623,859	NA	NA	\$2,962,959	\$3,868,045	\$856,088
34 PERCENT ALLOWED BY SEPARATIONS RULES 14	17%	NA	NA	18%	NA	NA	24%	22%	24%
35 TOTAL INTERSTATE COSTS (L33*L34)	\$18,940	\$424,730	NA	\$292,907	\$1,402,998	NA	\$702,926	\$840,530	\$205,402
36 INTERSTATE SMS COSTS CLAIMED	\$758,443	\$560,474	\$665,298	\$1,042,279	\$1,153,547	\$425,897	\$269,707	\$1,082,753	\$128,636
37 PERCENT OF COSTS CLAIMED AS INTERSTATE	82%	NA	100%	49%	72%	100%	85%	67%	67%
38 TOTAL SMS COSTS (L36/L37)	\$925,359	NA	\$665,298	\$2,127,100	\$1,602,149	\$425,897	\$317,676	\$1,622,102	\$193,002
39 PERCENT ALLOWED BY SEPARATIONS RULES 14	24%	NA	25%	18%	23%	21%	24%	22%	24%
40 TOTAL INTERSTATE COSTS (L38*L39)	\$225,513	\$560,474	\$166,680	\$383,680	\$366,703	\$89,834	\$75,365	\$352,484	\$46,308
41 INTERSTATE REPAIR CENTER COSTS CLAIMED	350579	NA	NA	NA	NA	NA	NA	NA	NA
42 PERCENT OF COSTS CLAIMED AS INTERSTATE	82%	NA	NA	NA	NA	NA	NA	NA	NA
43 TOTAL BILLING COSTS (L41/L42)	\$427,734	NA	NA	NA	NA	NA	NA	NA	NA
44 PERCENT ALLOWED BY SEPARATIONS RULES 15	27%	NA	NA	NA	NA	NA	NA	NA	NA
45 TOTAL INTERSTATE COSTS (L43*L44)	\$114,733	NA	NA	NA	NA	NA	NA	NA	NA
46 INTERSTATE BILLING COSTS CLAIMED	\$10,737	NA	NA	NA	NA	\$125,924	\$59,559	\$79,200	NA
47 PERCENT OF COSTS CLAIMED AS INTERSTATE	82%	NA	NA	NA	NA	100%	85%	67%	NA
48 TOTAL BILLING COSTS (L46/L47)	\$13,100	NA	NA	NA	NA	\$125,924	\$70,152	\$118,652	NA
49 PERCENT ALLOWED BY SEPARATIONS RULES 16	50%	NA	NA	NA	NA	50%	50%	50%	NA
50 TOTAL INTERSTATE COSTS (L48*L49)	\$6,550	NA	NA	NA	NA	\$62,982	\$35,078	\$59,326	NA
51 TOTAL INTERSTATE COSTS CLAIMED (LNS 1+6+11+16+21+26+31+36+41+46)	\$7,820,248	\$1,349,159	\$2,060,460	\$7,229,020	\$3,650,539	\$749,981	\$4,326,787	\$8,640,763	\$4,437,889
52 TOTAL INTERSTATE COSTS ALLOWED (LNS 5+10+15+20+25+30+35+40+45+50)	\$2,962,174	\$1,349,159	\$488,908	\$2,465,002	\$2,863,895	\$233,149	\$1,143,836	\$2,268,462	\$1,352,798
53 AMOUNT DISALLOWED (L36-L37)	\$4,838,074	0	\$1,571,552	\$4,764,018	\$786,644	\$516,832	\$3,182,951	\$6,372,301	\$3,084,691

Notes:

- SCP costs are allocated by Bell Atlantic and SNET allocate according to Section 36.124, Category 2, all other LECs allocate costs according to Section 36.125, Category 3. Interstate separations factors are calculated from 1993 data included in ARMIS report 43-04 column (b), subject to separations, divided by column (d), interstate. Data for Category 2 were obtained from line 1204 and for Category 3 from line 1219.
- Link costs are allocated according to Section 36.341, Cable and Wire Facilities expense. Interstate separations factors are calculated from 1993 data included in ARMIS report 43-04 column (b), subject to separations, divided by column (d), interstate. Data were obtained from line 5073.
- Tandem costs are allocated according to Section 36.124, Category 2. See note 1.
- SSP and SMS costs are allocated according to Section 36.391 Corporate Operations expense. Interstate separations factors are calculated from 1993 data included in ARMIS report 43-04 column (b), subject to separations, divided by column (d), interstate. Data were obtained from line 1001.
- Repair Center costs are allocated according to Section 36.351, Plant Nonspecific Operations expense. Interstate separations factors are calculated from 1993 data included in ARMIS Report 43-04 column (b), subject to separations, divided by column (d), interstate. Data were obtained from line 6001.
- Billing costs are allocated according to Section 36.381, Carrier Access Charge Billing and Collecting expense. The interstate separations factor is 50 percent.
- The disallowances are based on the application of appropriate separations factors. The cost allocation of certain subsidiary costs have been based on the allocation of investment. We believe these calculations are sufficiently accurate for the purpose of calculating these disallowances.

Appendix D

SUMMARY OF DISALLOWANCES OF EXOGENOUS COSTS CLAIMED BY LECS

CATEGORY	AMERITECH	BELL ATLANTIC	BELLSOUTH	NYNEX	PACIFIC	SWB	US WEST	GTE	SNET	UNITED	TOTAL
1 EXOGENOUS COSTS CLAIMED	\$6,347,095	\$7,820,248	\$1,349,159	\$2,060,460	\$7,229,020	\$3,650,540	\$4,326,787	\$8,640,763	\$749,981	\$4,437,689	\$46,611,742
DESCRIPTION OF DISALLOWANCES											
2 JURISDICTIONAL SEPARATIONS	N/A	\$4,838,074	N/A	\$1,571,552	\$4,764,018	\$786,844	\$3,182,951	\$6,372,301	\$516,832	\$3,084,891	\$25,117,463
3 SCP	N/A	\$1,534,901	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1,534,901
4 SCP / RSTP SIGNALLING LINK	N/A	\$67,523	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$380,238	\$447,761
5 LSTP / RSTP SIGNALLING LINK	N/A	\$372,505	\$43,355	\$26,333	N/A	N/A	N/A	N/A	N/A	\$111,911	\$554,104
6 TANDEM SWITCH	N/A	N/A	N/A	N/A	\$1,315,439	N/A	N/A	N/A	N/A	N/A	\$1,315,439
7 REPAIR CENTER	N/A	\$114,733	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$114,733
8 DEFECTIVE COST SUPPORT	\$5,045,749	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$5,045,749
9 TOTAL COSTS DISALLOWED: (SUM OF LINES 2 THRU 8)	\$5,045,749	\$8,927,736	\$43,355	\$1,597,885	\$8,079,457	\$786,844	\$3,182,951	\$6,372,301	\$516,832	\$3,577,040	\$34,130,150
10 TOTAL EXOGENOUS COSTS ALLOWED (LN1 - LN 9)	\$1,301,346	\$892,512	\$1,305,804	\$462,575	\$1,149,563	\$2,863,696	\$1,143,836	\$2,268,462	\$233,149	\$860,649	\$12,481,592

DIAGRAM OF DATABASE 800 ARCHITECTURE

