

## Appendix O. SWBT T2A Fines (June 2000 through December 2001)

**Table 23 — SWBT T2A Fines, June 2000 through December 2001**

SWBT T2A Fines June 2000 Through December 2001				
PM	Description	Total	Tier 1	Tier 2
13	Order Process: Percent Flow Through	\$3,224,779	\$2,399,779	\$825,000
35	% Trouble Reports Within 10 Days of Installation - Resale/UNE-P	\$2,462,633	\$1,244,133	\$1,218,500
27	Mean Installation Interval for Resale/UNE-P	\$2,368,701	\$2,368,701	\$0
29	% SWBT Missed Due Dates for Resale/UNE-P	\$1,468,081	\$1,057,081	\$411,000
59	% Trouble Reports within 30 Days of Installation - UNEs	\$965,448	\$497,448	\$468,000
37.1	Trouble Report Rate: Net of Install. & Repeat Rpts. - Resale/UNE-P	\$927,594	\$927,594	\$0
58	Percent SWBT Missed Due Dates - UNEs	\$705,479	\$411,479	\$294,000
97	Local Number Portability: % of Time SWBT Applies 10 Digit Trigger Prior to the LNP Order Due Date	\$476,579	\$102,579	\$374,000
17	Billing Completeness	\$409,227	\$409,227	\$0
39	Mean Time to Restore Service - Resale/UNE-P	\$302,776	\$86,276	\$216,500
65	Trouble Report Rate - UNEs	\$273,578	\$189,078	\$84,500
56	% UNEs Installed Within The Customer Requested Due Date	\$261,731	\$173,231	\$88,500
38	% Missed Repair Commitments - Resale/UNE-P	\$226,303	\$130,303	\$96,000
5	Percent Firm Order Confirmations (FOCs) Returned on Time	\$160,173	\$96,873	\$63,300
101	Local Number Portability: % Out of Service < 60 Minutes	\$98,476	\$98,476	\$0
67	Mean Time to Restore - Maintenance - UNEs	\$96,025	\$30,025	\$66,000
65.1	Trouble Report Rate (Net of Install & Repeat Rpts) UNEs	\$78,973	\$56,973	\$22,000
1.2	Accuracy of Actual Loop Makeup Information for DSL Orders	\$78,315	\$915	\$77,400
73	% Installations Completed Within the Due Date - Trunks	\$76,356	\$76,356	\$0
62	Avg. Delay Days for SWBT Missed Due Dates - UNEs	\$74,693	\$74,693	\$0
45	% SWBT-Caused Missed Due Dates - Resale Specials	\$68,644	\$68,644	\$0
2	% Response Within "x" Seconds - OSS Interfaces	\$63,850	\$33,850	\$30,000
43	Average Installation Interval - Resale Specials	\$60,128	\$27,628	\$32,500
12.1	% Provisioning Accuracy For Non-Flow Through Orders	\$58,350	\$58,350	\$0
40	% Out of Service Less than 24 Hours - Resale/UNE-P	\$49,591	\$49,591	\$0

SWBT T2A Fines June 2000 Through December 2001				
PM	Description	Total	Tier 1	Tier 2
111	Average Update Interval for DA Database	\$42,300	\$42,300	\$0
41	% Repeat Reports - Maintenance - Resale/UNE-P	\$36,471	\$36,471	\$0
73.1	% Held Interconnection Trunks	\$34,327	\$34,327	\$0
32	Avg. Delay Days for SWBT Caused Missed Due Dates - Resale/UNE-P	\$32,642	\$32,642	\$0
96	% Premature Disconnects for Stand Alone LNP Orders	\$32,500	\$32,500	\$0
69	% Repeat Reports - UNEs	\$25,436	\$25,436	\$0
70	% Trunk Blockage	\$25,000	\$25,000	\$0
60	% Missed Due Dates Due to Lack of Facilities - UNEs	\$19,975	\$19,975	\$0
55.1	Avg. Installation Interval - DSL	\$18,171	\$18,171	\$0
12	Mechanized Provisioning Accuracy	\$15,280	\$15,280	\$0
37	Trouble Report Rate - Resale/UNE-P	\$14,565	\$14,565	\$0
49	Avg. Delay Days for SWBT Caused Missed Due Dates - Resale Specials	\$13,728	\$13,728	\$0
75	% SWBT Missed Due Dates - Trunks	\$12,700	\$12,700	\$0
46	% Trouble Reports within 30 Days - Resale Specials	\$12,183	\$12,183	\$0
7.1	% Mechanized Completions Returned Within One Day	\$8,165	\$8,165	\$0
112	% of Database Accuracy for Manual Updates	\$8,102	\$8,102	\$0
10.1	% Manual Rejects Recorded Electronically and Returned Within Five Hours	\$6,755	\$6,755	\$0
115.1	Mean Time to Restore - Coordinated Conversions	\$5,605	\$5,605	\$0
66	% Missed Repair Commitment - UNEs	\$5,000		\$5,000
117	% NXXs Loaded/Tested Prior to LERG	\$4,800	\$4,800	\$0
53	% Repeat Reports - Maintenance - Resale Specials	\$4,611	\$4,611	\$0
99	Avg. Delay Days for SWBT Missed Due Dates - LNP	\$4,536	\$636	\$3,900
74	Avg. Delay Days for Missed Due Dates - Trunks	\$4,476	\$4,476	\$0
114	% of Premature Disconnects - Coordinated Conversions	\$4,050	\$4,050	\$0
10	% Mech. Rejects Retd within One Hour of Receipt in LASR	\$3,175	\$3,175	\$0
93	% of Customer Accounts Restructured Prior to LNP Due Date	\$2,606	\$2,606	\$0
115	Percent Provisioning Trouble Reports - Coordinated Convs.	\$2,100	\$2,100	\$0
113	DA Database % of Electronic Updates That Flow Through	\$2,000	\$2,000	\$0
114.1	CHC/FDT LNP with Loop Provisioning Interval	\$1,950	\$1,950	\$0
54	Trouble Report Rate - Resale Specials	\$1,581	\$1,581	\$0
55.5	Loop Acceptance Testing (LAT Completed) - UNEs	\$1,125	\$1,125	\$0
56.1	% Installed Within X Days for LNP with Loop	\$1,063	\$1,063	\$0
55	Average Installation Interval - UNEs	\$1,050	\$1,050	\$0

SWBT T2A Fines June 2000 Through December 2001				
PM	Description	Total	Tier 1	Tier 2
5.1	% FOCs Rec. Within x Hours - xDSL-capable Loops	\$959	\$959	\$0
78	Avg. Interconnection Trunk Install. Interval	\$750	\$750	\$0
100	Avg. Time of Out of Service for LNP Conversions	\$750	\$750	\$0
107	% Missed Collocation Due Dates	\$460	\$460	\$0
52	Mean Time to Restore - Resale Specials	\$450	\$450	\$0
109	% of Collocation Requests within Guidelines	\$449	\$449	\$0
17.1	Service Order Posting	\$400	\$400	\$0
1.1	Avg. Response Time for Loop Make-Up Information	\$330	\$330	\$0
5.2	% FOCs Rec. Within "x" Days on ASR Requests	\$325	\$325	\$0
54.1	Trouble Report Rate Net of Installation and Repeat Reports	\$325	\$325	\$0
118	Avg. Delay Days for NXX Loading and Testing	\$206	\$206	\$0
103	% Errors for E-911 Database Updates	\$175	\$175	\$0
108	Avg Delay Days for SWBT Missed Due Dates - Collo.	\$127	\$127	\$0
30	% Missed Due Dates Due to LOF - Resale/UNE-P	\$81	\$81	\$0
106	Average Days Required to Process a Request	\$50	\$50	\$0
47	% Missed Due Dates Due to LOF - Resale Specials	\$27	\$27	\$0
63	% SWBT Caused Missed Due Dates > 30 Days - UNEs	\$25	\$25	\$0
76	Avg. Trunk Restoral Interval	\$25	\$25	\$0
	TOTAL	\$15,450,425	\$11,074,325	\$4,376,100
	AVERAGE	\$203,295.07	\$145,714.81	\$57,580



## Appendix P. Rate Group Reclassification

**Table 24 — SWBT’s Rate Group Reclassification by Exchange**

Exchange	Previous Rate Group	Previous Rate	Reclassified Rate Group	Reclassified Rate
Allen	2	\$8.35	3	\$8.80
Austin	5	\$9.35	6	\$9.85
Bandera	1	\$8.15	2	\$8.35
Brownsville	3	\$8.80	4	\$9.10
Burkburnett	3	\$8.80	4	\$9.10
Carthage	1	\$8.15	2	\$8.35
Center	1	\$8.15	2	\$8.35
Dallas	7	\$10.40	8	\$11.05
Deadwood	1	\$8.15	2	\$8.35
Eastland	1	\$8.15	2	\$8.35
Edcouch	3	\$8.80	4	\$9.10
Ennis	1	\$8.15	2	\$8.35
Fort Worth	6	\$9.85	7	\$10.40
Henrietta	3	\$8.80	4	\$9.10
Hereford	1	\$8.15	2	\$8.35
Iowa Park	3	\$8.80	4	\$8.35
Laredo	3	\$8.80	4	\$9.10
Liberty Hill	1	\$8.15	2	\$8.35
Longview	3	\$8.80	4	\$9.10
McKinney	3	\$8.80	4	\$9.10
Medina Lake	1	\$8.15	2	\$8.35
Mercedes	2	\$8.35	3	\$8.80
Orange	2	\$8.35	3	\$8.80
Port Isabel	3	\$8.80	4	\$9.10
Roscoe	1	\$8.15	2	\$8.35
Spring	4	\$9.10	5	\$9.35
Sullivan City	2	\$8.35	3	\$8.80
Sweetwater	1	\$8.15	2	\$8.35
Tomball	4	\$9.10	5	\$9.35
Troy	2	\$8.35	3	\$8.80
Uvalde	1	\$8.15	2	\$8.35
Wharton	1	\$8.15	2	\$8.35

SOURCE: *Application of Southwestern Bell Telephone for Rate Group Reclassification, Docket No. 18509*

**Table 25 — Verizon's Rate Group Reclassification by Exchange**

Exchange	Previous Rate Group	Previous Rate	Reclassified Rate Group	Reclassified Rate
Arcola	1	\$7.10	2	\$7.30
Bacliff	1	\$7.10	2	\$7.30
Beach City	1	\$7.10	2	\$7.30
Boerne	1	\$7.10	2	\$7.30
Brady	1	\$7.10	2	\$7.30
Brownwood	2	\$7.30	3	\$7.50
Buda	1	\$7.10	2	\$7.30
Caldwell	1	\$7.10	2	\$7.30
Canton	1	\$7.10	2	\$7.30
Carrollton	3	\$7.50	4	\$7.65
Coleman	1	\$7.10	2	\$7.30
College Station	2	\$7.30	3	\$7.50
Denton	3	\$7.50	4	\$7.65
DFW Airport	1	\$7.10	2	\$7.30
Dripping Springs	1	\$7.10	2	\$7.30
Georgetown	2	\$7.30	3	\$7.50
Giddings	1	\$7.10	2	\$7.30
Grapevine	2	\$7.30	3	\$7.50
Hallsville	1	\$7.10	2	\$7.30
Huffman	1	\$7.10	2	\$7.30
Ingleside	1	\$7.10	2	\$7.30
Keller	2	\$7.30	3	\$7.50
Kernah	2	\$7.30	3	\$7.50
Kilgore	2	\$7.30	3	\$7.50
Kingsland	1	\$7.10	2	\$7.30
Kyle	1	\$7.10	2	\$7.30
La Grange	1	\$7.10	2	\$7.30
LaFeria	1	\$7.10	2	\$7.30
League City	2	\$7.30	3	\$7.50
Lewisville	3	\$7.50	4	\$7.65
Llano	1	\$7.10	2	\$7.30
Mont Belvieu	1	\$7.10	2	\$7.30
Palacios	1	\$7.10	2	\$7.30
Plano	3	\$7.50	4	\$7.65
Raymondville	1	\$7.10	2	\$7.30
Robstown	2	\$7.30	3	\$7.50
Roma	1	\$7.10	2	\$7.30
Rowlett	2	\$7.30	3	\$7.50
Rusk	1	\$7.10	2	\$7.30
San Angelo	3	\$7.50	4	\$7.65
Stafford	2	\$7.30	3	\$7.50
Weslaco	2	\$7.30	3	\$7.50
Whitesboro	1	\$7.10	2	\$7.30
Wimberly	1	\$7.10	2	\$7.30

SOURCE: Application of Verizon Southwest TXC to Reclassify Exchanges to the Proper Rate Band, Project No. 24917.

## Appendix Q. TUSF Disbursements

### Table 26 — TUSF Disbursements by Program

TUSF Program Disbursements	FY 1999 (Actual)	FY 2000 (Actual)	FY 2001 (Actual)	FY 2002 (Estimated)	% Change (2000- 2001)
Texas High Cost Universal Service Plan (THCUSP)	0	385,629,821	440,486,990	445,673,998	12.5%
Small and Rural ILEC Universal Service Plan	38,084,091	95,223,141	98,810,923	100,582,125	3.6%
Texas Relay Service	6,816,004	10,034,792	13,151,160	12,700,482	23.7%
Lifeline	276,624	8,716,027	9,225,611	15,304,024	5.5%
Specialized Telecommunications Assistance Program	322,420	578,401	761,023	1,263,751	24%
Implementation of PURA § 56.025	2,965,448	4,448,171	4,448,180	4,448,674	.2%
USF Reimbursement for Certain IntraLATA Services	0	784,330	1,107,596	1,462,540	29.2%
Additional Financial Assistance (AFA)	0	0	0	0	0%
Service to Uncertificated Areas	0	0	0	0	0%
Tel-Assistance	2,210,432	2,921,220	2,210,735	0	(32.1%)
TCDHH	148,242	267,929	286,414	448,667	6.5%
PUC	103,872	149,327	203,506	154,273	26.6%
TDHS	286,870	397,391	277,440	12,367	(43.2%)
Other	186,350	0	9,192	0	(95.1%)
NECA	652,104	729,480	751,356	773,900	2.9%
<b>TOTALS</b>	<b>\$52,052,457</b>	<b>\$509,880,030</b>	<b>\$571,730,126</b>	<b>\$582,824,799</b>	<b>10.8%</b>

**Table 27 — TUSF Disbursements to Companies**

	<b>2000</b>	<b>2001</b>
ALENCO	1,835,515	1,949,061
Big Bend Telephone Company of Texas	3,087,809	3,202,592
Blossom Telephone Company	50,018	52,448
Brazoria Telephone Company	2,439,400	2,383,873
Brazos Telephone Cooperative, Inc.	575,086	585,592
North Texas Telephone Company	148,753	149,677
Cameron Telephone Company	422,397	428,935
Cap Rock Telephone Cooperative, Inc.	1,476,421	1,486,945
Central Texas Telephone Cooperative	1,992,014	2,085,623
Coleman County Telephone Coop.	557,009	518,087
Comanche County Telephone Company	519,924	525,460
Community Telephone Company, Inc.	593,432	602,632
Cumby Telephone Cooperative, Inc.	256,354	269,852
Dell Telephone Cooperative, Inc.	365,281	417,768
Eastex Telephone Cooperative	5,058,058	5,207,352
Electra Telephone Company	601,240	727,949
E.N.M.R. Telephone Cooperative	-	-
Etex Telephone Cooperative, Inc.	2,919,248	3,082,637
Five Area Telephone Cooperative	726,066	727,596
Fort Bend Telephone Company	619,936	4,392,906
Ganado Telephone Company, Inc.	681,654	765,778
GTE Southwest Inc. d/b/a Verizon Southwest	166,090,944	108,391,493
Guadalupe Valley Telephone Coop.	4,984,619	5,279,799
United Telephone Company of Texas	19,152,399	17,933,754
Hill Country Telephone Cooperative	3,213,694	3,346,456
Industry Telephone Company	872,802	986,214
Kerrville Telephone Company, Inc.	2,719,544	2,797,514
Century Telephone of Lake Dallas, Inc.	1,644,386	1,740,099
Lake Livingston Telephone Company	604,849	602,452
La Ward Telephone Exchange	419,355	428,202
Lipan Telephone Company	636,063	672,239
Livingston Telephone Company	485,593	508,488
Lufkin-Conroe Telephone Exchange	-	14,444,569
Mid-Plains Rural Telephone Coop.	635,455	646,802
Nortex Communications	1,636,308	1,728,606

	2000	2001
Century Telephone of Port Aransas, Inc.	581,111	603,110
Peoples Telephone Cooperative, Inc.	1,449,751	1,559,926
Poka-Lambro Rural Telephone Coop.	1,928,416	1,911,296
Riviera Telephone Company, Inc.	1,126,845	1,157,139
Southwest Texas Telephone Company	1,967,656	2,021,228
Century Telephone of San Marcos, Inc.	5,821,972	5,846,107
Santa Rosa Telephone Cooperative	401,051	433,923
South Plains Telephone Cooperative	1,110,272	1,122,427
Southwest Arkansas Telephone Coop.	31,635	32,272
Southwestern Bell Telephone Company	50,271,965	135,731,792
Sugar Land Telephone Company	-	-
Tatum Telephone Exchange	555,196	642,847
Taylor Telephone Cooperative, Inc.	1,020,761	1,047,950
Texas ALLTEL	-	-
Valley Telephone Cooperative, Inc.	5,197,880	5,310,125
Wes-Tex Telephone Cooperative, Inc.	514,659	262,224
West Texas Rural Telephone Cooperative	984,938	985,733
XIT Rural Telephone Cooperative	651,431	656,367
Central Telephone Co. of Texas	22,660,496	24,279,583
Border to Border Communications	231,936	230,507
West Plains Telecommunications, Inc.	751,913	764,739
Brazos Telecommunications, Inc.	601,896	623,959
Valor Telecommunications of Texas	33,641,489	101,410,317

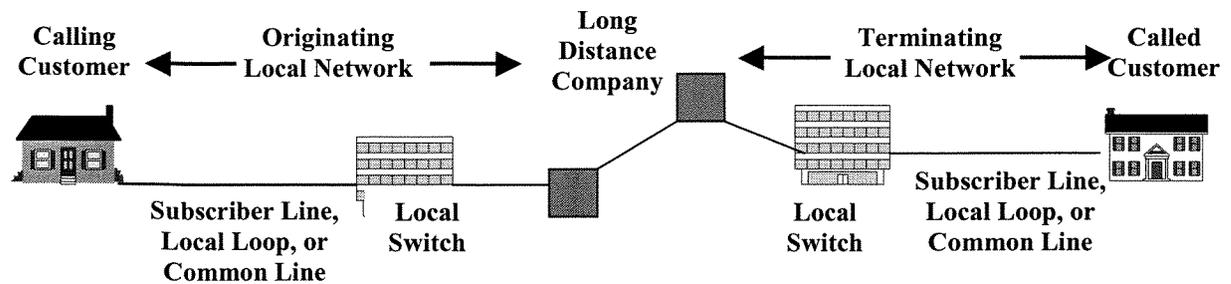


## Appendix R. Background on Switched Access Charges

When a customer places a long-distance call, the call must use the local telephone company's network as well as the long-distance company's network to reach its destination. The long-distance company charges the customer for the call and the long-distance company must compensate the local telephone company (or companies) for the use of the local network on each end of the call.

Switched access charges are the wholesale rates paid by the long-distance companies to the local telephone companies—both incumbent and competitive—for access to the public switched network for the origination and termination<sup>305</sup> of customers' long-distance calls.<sup>306</sup> Competing local telephone companies also pay each other terminating switched access charges when their customers make long-distance calls to the other telephone company's customers.

The diagram below illustrates the transport and switching of a typical call from one customer's premise to another's:



Switched access charge elements can be both usage-sensitive and flat-rated. Usage-sensitive rates are developed on a per-minute of use basis where the wholesale customer pays "x" cents per minute to the incumbent or competitive local telephone company. Flat-rated means that the wholesale customer pays to the local telephone company the same amount per month regardless of the amount of time the service is used. Generally, long-distance companies develop the rates they charge to their long-distance customers based upon the wholesale structure and rates that they pay to the local telephone companies.

<sup>305</sup> "Originating" applies to the caller's end of the public switched network. "Terminating" applies to the called party's end of the public switched network. For example, if a long-distance provider handles a call originating in Southwestern Bell's (SWBT) territory and terminating in GTE Southwest's (GTESW) territory, that long-distance provider pays the originating components of the call's switched access charges to SWBT and the terminating components of the switched access charges to GTESW.

<sup>306</sup> There are actually two types of access charges: switched access and special access. Special access charges, which are not the focus of this report, involve the use of dedicated non-switched circuits between customer locations.

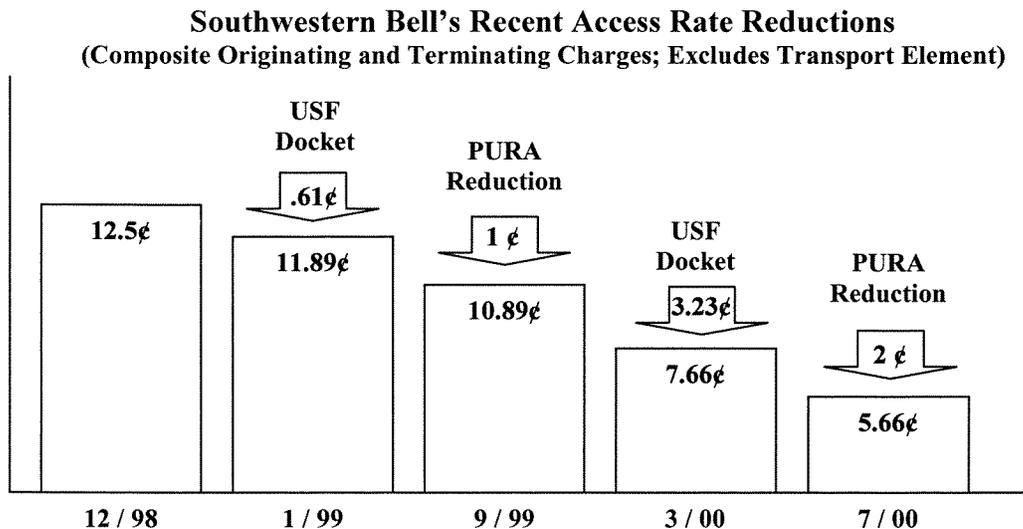
Federal and state regulators share jurisdiction over telephone companies, and therefore over switched access rates. The Federal Communications Commission (FCC) sets the federal switched access rates that apply to interstate calls made from state to state (interstate). Pursuant to the Public Utility Regulatory Act (PURA), the Commission has jurisdiction over switched access rates applicable to long-distance calls made from point to point within Texas (intrastate).

### Why Are Access Charges Necessary?

Before the divestiture of the Bell companies from AT&T in 1984, the monopoly telephone companies pooled long-distance revenues and calculated payments to one another from those pools based upon minutes of use and mileage to compensate for the use of one another's networks. Simply put, switched access charges replaced the revenue sharing mechanisms of the monopoly telephone companies.

### How Are Access Charges Structured and Calculated?

Access charges consist of several elements, as shown in the diagram below. The local loop facilities between the local switch and the customer's location are represented through an access charge element known as the Carrier Common Line (CCL) charge. The CCL element is charged on a per-minute basis, which is controversial. Because the cost of the customer's loop network does not vary with usage, most critics argue that the cost should be recovered through flat-rate charges rather than per-minute charges. The Local Switching (LS) element is based on usage-sensitive costs and is charged on a per-minute basis. Entrance Facilities and Transport elements are charged according to the needs of the long-distance company.



### **Options Available to the Commission**

The Commission generally agrees with parties who assert that usage-sensitive access charges such as the CCL should not be used to recover non-traffic sensitive costs. The originating and terminating CCL charge should be eliminated as soon as it is practical to do so. However, the CCL charge represents a significant amount of revenue for both large and small incumbent local exchange carriers (ILECs), and the elimination must be handled cautiously. One of the following options, or a combination of these options, could accomplish the elimination of the CCL:

***A. Elimination, immediately or over time, of the originating and terminating CCL charges for all incumbent local telephone companies without providing for a specific new revenue stream to compensate the telephone companies for the elimination of the charges.***

Advantages:

- Eliminates non-cost based minute-of-use charges.
- Directly reduces the cost of long-distance calls to long-distance companies, and reduces the total bills for customers that use long-distance, assuming access charge reductions are flowed through to reduce long-distance rates.
- Disparities that exist today between interstate and intrastate switched access rates and among local telephone companies would be greatly reduced.

Disadvantages

- Not all incumbent local telephone companies may be earning enough to absorb the revenue decrease, thereby requiring additional alternative methods for some companies to recover a revenue shortfall.

***B. Implementation of a statewide Subscriber Line Charge (SLC) for all incumbent local telephone companies and reduce and/or eliminate any remaining originating and terminating CCL. This proposal is equivalent to the “Flat Rate Proposal” suggested by the parties. The new state SLC would appear on each customer’s bill regardless of whether the customer makes long-distance calls.***

Advantages:

- Eliminates the non-cost based minute-of-use charges.
- Reduces the cost of long-distance calls to long-distance companies, and reduces the total bills for customers that use long-distance, assuming access charge reductions are flowed through to reduce long-distance rates.
- Disparities that exist today between interstate and intrastate switched access rates and among local telephone companies would be greatly reduced.

Disadvantages

- For customers who do not use long-distance frequently, the SLC charge may exceed any savings on reduced long-distance charges, thus increasing the customer’s total bill.
- As with the federal SLC, a disproportionately high amount of the loop cost is imposed on those who make very few long-distance calls.

- Not all incumbent local telephone companies need to participate in a Statewide SLC plan because some incumbent telephone companies do not have CCL charges.
- An additional surcharge (the State SLC) would be added to customer bills; existing surcharges are already the source of customer confusion and irritation.
- PURA Section 53.113 currently requires intrastate switched access service tariffs to include all rate elements in the company's interstate access tariff other than end-user charges.

***C. Reduce and/or eliminate any remaining originating and terminating CCL charges, and instead establish a flat rate charge to be levied against the long-distance company carrying the call. The new charge would be assessed to the long-distance company each month based on the number of customers that the long-distance company has that month.***

Advantages:

- Eliminates the non-cost based minute-of-use charge.
- Changes the wholesale charge to the long-distance company from usage-sensitive to a flat rate.
- Reduces the cost of long-distance calls to long-distance companies, and reduces the total bills for customers that use long-distance, assuming access charge reductions are flowed through to reduce long-distance rates.
- Disparities that exist today between interstate and intrastate switched access rates and among local telephone companies would be greatly reduced.

Disadvantages

- This option is similar to the Presubscribed Interexchange Carrier Charge (PICC) method used and then rejected by the FCC for interstate access charges because it resulted in higher customer bills.
- Local telephone companies that do not currently have CCL charges would not need to establish this wholesale flat rate, but may be required to do so in order to provide consistency for long-distance companies in all areas of the State. In that case, customers would be burdened with a charge they should not be paying.
- If the fixed charge is passed through to customers, then those customers who do not use long-distance frequently would have a higher bill than they currently do.

None of the options above, implemented individually, is likely to resolve the switched access charge conundrum. A reasonable solution that is in the public interest and is competitively neutral will likely consist of a combination of the options listed.

The Commission recommends that further evidentiary proceedings be conducted to determine the proper course of action in restructuring intrastate access charges. Many factors should be reviewed in these proceedings. Public policy issues surrounding the implementation of an intrastate SLC should be fully explored. The impact on customers of different incumbent local telephone companies may be significantly different. For example, Table 28 shows the estimated monthly SLC that would likely result from

reducing Southwestern Bell's and Sprint-United's CCL revenues by two-thirds.<sup>307</sup> A \$1.50 Residential SLC and a \$3.00 Business SLC would allow SWBT to eliminate their CCL charges, while Sprint-United would require SLCs of over twice that amount.

**Table 28 — Example of Replacing CCL Revenue with Subscriber Line Charges**

<b>Company</b>	<b>Result</b>	<b>Residential SLC</b>	<b>Business SLC</b>
<b>SWBT</b>	Eliminate all CCL revenues	\$1.50	\$3.00
	Reduce CCL revenues by 67%	1.00	2.00
<b>Sprint-United</b>	Eliminate all CCL revenues	3.55	7.10
	Reduce CCL revenues by 67%	2.38	4.76

<sup>307</sup> Estimates are derived from the Texas Telephone Association's PHONE FACTS 2000"REPORT and access line information on file at the Commission.



## Appendix S. Advanced Services Technologies Overview: Development and Convergence

Traditional telephone lines remain the principal means of accessing the internet. Traditional high-speed services, such as Integrated Services Digital Network (ISDN) and T-1's, have been used for internet access, telemedicine, and other applications requiring high-speed connections. However, new technology alternatives that offer high-speed or broadband access are increasingly being used to access the internet and other applications.<sup>308</sup> Preeminent among these new technologies are digital subscriber lines (xDSL), cable modems, wireless technologies, and satellite access. Importantly, these various technologies will be major contributors to broadband deployment in rural areas.<sup>309</sup>

Different needs, geographies, and abilities to pay create necessity for all of these advanced services. In regard to the geography of both rural and urban areas, the “last mile” to the residential customer remains the largest constraint on the availability of broadband services.<sup>310</sup> Today, incumbent telephone and cable companies provide the majority of these “last mile” broadband connections. Increasingly, wireless technologies (including multi-channel (MMDS), local multi-point distribution systems (LMDS)), commercial mobile radio service (CMRS), and satellite technologies have provided a larger share of these “last mile” connections.

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<sup>308</sup> The FCC defines broadband or “advanced services” as transmission speeds greater than 200 Kbps in both the downstream and upstream path. “High-speed” is defined as transmission speed greater than 200 Kbps in only one direction, typically the downstream path with the upstream path being less than 200 Kbps.

<sup>309</sup> Gregory L. Rhode, Christopher A. McLean, *Advanced Telecommunications in Rural America: The Challenge of Bringing Broadband Service to All Americans*, at ii (Apr. 2000) (Advanced Telecommunications in Rural America).

<sup>310</sup> *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996*, Third Report, FCC No. 02-33 at ¶ 16 (rel. Feb. 6, 2002) (Third Advanced Services Report). (The “last mile,” albeit an imprecise term that is analogous to the local road between a larger, divided highway, and a traveler’s driveway, has most recently been defined by the FCC as “the link between the middle mile and the last 100 feet to the end-user’s terminal.”)

Table 29 provides a breakdown of high-speed technology, distance limitations, and pricing for these services.

**Table 29 — Types of High-Speed Connections to Residential Customers**

Technology	Marketed Residential			Price <sup>311</sup>
	Downstream Speed	Upstream Speed	Distance Limitations	Per Month (including ISP)
<b>Wireline Technologies</b>				
Dial-up Modem	56 Kbps	34 Kbps	N/A	\$0 – \$21.95
ISDN-BRI	128 Kbps	128 Kbps	18k ft.	\$57.50 -- \$104.50
ISDN-PRI	1.5 Mbps	1.5 Mbps	N/A	\$57.50 -- \$104.50
ADSL	> 200 Kbps	< 200 Kbps	18k ft.	\$ 29.95 -- \$39.95
<b>Cable Technology</b>				
Cable Modem	1.5 Mbps	> 200 Kbps	N/A	\$29.95 -- \$99.95
<b>Wireless Technologies</b>				
MMDS	310 Kbps	310 Kbps	35 mi.	\$39.95
LMDS	1.5 Mbps	> 200 Kbps	3 – 5 mi.	\$125 -- \$940
<b>Satellite Technology</b>				
Satellite – Today	400 Kbps	34 Kbps	N/A	\$19.99 -- \$49.99
Satellite – Future	40 Mbps	128 – 256 Kbps	N/A	Approx. \$70

SOURCE: Adapted from An Executive White Paper on Telecommunications for the State of New Mexico Prepared for the Office of the Governor, Office of Science and Technology, New Mexico Economic Development Department at 48 (Dec. 1999).

### **Wireline Technologies**

Two widely available high-speed wireline services are comprised of ISDN and xDSL technologies.

### **Integrated Services Digital Network**

ISDN is a digital-based connection over the public telephone network that allows simultaneous voice and data transmission. ISDN can integrate voice, data, video, and image services. However, since ISDN is a switched service, both ends of the transmission must support the service. ISDN, as used today, comes in two well-defined interface standards: Basic Rate Interface (BRI), which operates at 128 Kbps, and Primary Rate Interface (PRI), a standard T-1 line offering speeds of 1.544 Mbps.

For a number of years, the Commission has had a rule requiring certain carriers to deploy ISDN. The Commission's rule seeks to balance the relatively high expense of ISDN deployment with low demand for the service, while at the same time recognizing that ISDN may be the only relatively high-speed service available in many rural areas.

<sup>311</sup> Price does not include equipment and installation charges; per-month charges may vary considerably by location.

ISDN penetration in Texas is currently very low. Texas Telephone Association (TTA) data shows that only 0.43% of access lines in Texas are ISDN-PRI,<sup>312</sup> while only 1.05% of access lines in Texas use lower speed ISDN-BRI.<sup>313</sup> On the other hand, ISDN demand has continued to grow. Federal Communications Commission (FCC) data shows that ISDN-BRI subscribership grew 42% between 1995 and 1999. Although ISDN is being supplanted by newer technologies, these statistics indicate its value, particularly where other technologies are unavailable.

### **Digital Subscriber Lines (xDSL)<sup>314</sup>**

xDSL technology is the second most widely used broadband service.<sup>315</sup> The most common form of xDSL is asymmetric digital subscriber line (ADSL).<sup>316</sup> ADSL is capable of serving customers over the copper loop within 18,000 feet of specially equipped phone company central offices or remote terminals. Generally, ADSL only provides service at speeds in excess of 200 Kbps in the downstream path.<sup>317</sup> However, ADSL permits the customer to have both conventional voice and high-speed data carried over the same line simultaneously because it segregates the high frequency data traffic from the voice traffic.<sup>318</sup> Consequently, the internet connection is “always on” and permits simultaneous voice conversations without the need for a second phone line.<sup>319</sup>

### **Cable Technology**

Advanced or high-speed cable services are currently limited to cable modems.

#### ***Cable Modem***

Cable modems are the most common source of broadband connections for residential users.<sup>320</sup> Cable modem service, while offered on the same basic network architecture used to provide multi-channel video service, typically requires significant equipment upgrades and enhancements to support advanced services.<sup>321</sup> Cable modem

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<sup>312</sup> P.U.C. Advanced Services Data Request (Aug. 2000) (53,134 of 12,721,474 total access lines).

<sup>313</sup> *Id.* (133,475 of 12,721,474 total access lines).

<sup>314</sup> xDSL is a generic name for a family of digital lines being provided by ILECs and CLECs including: Asynchronous DSL (ADSL), High Data Rate DSL (HDSL), Symmetric DSL (SDSL), and Very High Data Rate DSL (VDSL).

<sup>315</sup> Advanced Telecommunications in Rural America, *supra note 309*, at 12.

<sup>316</sup> Third Advanced Services Report, *supra note 310*, at ¶ 49.

<sup>317</sup> Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, Second Report, FCC No. 00-290 at ¶ 36 and 38 (rel. Aug. 21, 2000) (Second Advanced Services Report).

<sup>318</sup> *Id.* at ¶ 36.

<sup>319</sup> *Id.*

<sup>320</sup> Second Advanced Services Report, *supra note 317*, at ¶ 96.

<sup>321</sup> SECOND ADVANCED SERVICES REPORT, *supra note 317*, at ¶ 29.

internet access is shared with other active users in the same neighborhood. Consequently, this results in a reduction in speed as the number of users increases.<sup>322</sup> Due to this shared architecture, cable speeds typically are below 1.5 Mbps.<sup>323</sup>

The significance of continuing to upgrade the cable network, and thereby allowing cable modems to compete in the advanced services market, is seen in the next generation of communication, information, and entertainment services.<sup>324</sup> Not only will broadband access continue to play a significant role in internet development, but the expansion of services such as cable telephony, video conferencing, and video on demand, which have been discussed in the communication industry for close to ten years, are now much closer to residential deployment.<sup>325</sup>

### **Wireless Technologies**

Wireless technologies are another means for delivery of high-speed services to residential, rural, and otherwise under-served areas, and potentially may increase competition in the “last mile” in the near future.<sup>326</sup> For purposes of this Report, wireless technologies include fixed wireless (including both MMDS and LMDS), cellular, and broadband Personal Communications Services (PCS). Wireless technologies are important to rural Texans because they have the potential of cost effectively providing advanced services to sparsely populated geographic areas.

### **Fixed Wireless**

Fixed wireless is a system, typically either MMDS or LMDS that provides advanced or high-speed services to customers by attaching to the customer’s premises a “pizza box” sized radio transmitter/receiver (transceiver) that communicates with the provider’s central antenna site. By doing so, the central antenna site acts as the gateway into the internet. In short, the radio signals serve as a substitute for the copper wire or cable strand that traditionally connects customers to the network.

### ***MMDS***

MMDS is a high-speed system that can potentially provide service in a 35-mile radius with downstream internet speeds from 750 Kbps to 11 Mbps.<sup>327</sup> MMDS’s larger service radius makes it ideal for deployment “in rural, under-served, and unserved areas,

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<sup>322</sup> NEWTON’S TELECOM DICTIONARY at 113 (17<sup>th</sup> ed. 2001) .

<sup>323</sup> THIRD ADVANCED SERVICES REPORT, *supra note 310*, at ¶ 47. (While downstream speeds can exceed 2 Mbps, upstream speeds rarely exceed 1 Mbps. ) .

<sup>324</sup> Scott C. Cleland, Residential Broadband Outlook: Investment Implications of a Duopoly?, PRECURSOR GROUP (Aug. 11, 2000).

<sup>325</sup> Bill Michael, *Cable VoIP*, COMPUTER TELEPHONY.COM at 37 (Aug. 2000).

<sup>326</sup> Second Advanced Services Report, *supra note 317*, at ¶ 42.

<sup>327</sup> *Id.* at ¶ 51-52. See also Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Services, Fifth Report, FCC No. 00-289 at E-8 (rel. Aug. 18, 2000) (Fifth Wireless Report).

where the larger cell size substantially reduces the cost of providing service.”<sup>328</sup> While MMDS does not degrade in adverse weather conditions, it does function best with direct line of sight between the transmitter and receiver.<sup>329</sup>

### ***LMDS***

LMDS is capable of very high-speed transmissions, but its geographic range is much smaller than that of MMDS. A single tower can provide service only in a three to five mile radius, similar to that of a cellular phone. LMDS generally provides data rates up to 1.55 Mbps, a speed adequate to support a host of multimedia applications.<sup>330</sup>

The most critical shortcoming of LMDS is that it is essentially a line of sight technology and is therefore more sensitive to adverse atmospheric conditions.<sup>331</sup>

### **Cellular and Mobile**

Cellular technology is usually characterized by a low-powered, duplex radio/telephone. Cellular uses multiple transceiver sites that are linked to a central computer for coordination. The sites or “cells” cover a range of one to six or more miles in each direction. Each cell can accommodate up to 45 different voice channel transceivers.

### ***Personal Communications Services***

PCS is a lower-power, higher-frequency technology that is competitive with, and, in some respects comparable to, cellular. PCS phones are often less expensive, digital, and with less range. Broadband PCS services growth has been substantial, with subscribership increasing to 14.5 million customers who primarily use the service for voice communications.<sup>332</sup> Although cellular and broadband PCS technically support high-speed services, few licensees are using spectrum in this manner.<sup>333</sup>

### **3G Technology**

“3G technology promises internet access with speeds up to 2 Mbps from a fixed location, 384 Kbps at pedestrian speeds, and 144 Kbps at traveling speeds of 100 kilometers per hour.”<sup>334</sup> Planned 3G services include video and audio streaming and location based services that could notify individuals of services in an area they are

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<sup>328</sup> *Id.* at ¶ 52.

<sup>329</sup> *Id.*

<sup>330</sup> Second Advanced Services Report, *supra* note 317, at ¶ 50.

<sup>331</sup> FIFTH WIRELESS REPORT, *supra* note 327, at E-17.

<sup>332</sup> *Id.* (for PCS providers for whom information is publicly available).

<sup>333</sup> Second Advanced Services Report, *supra* note 317, at ¶ 53.

<sup>334</sup> FIFTH WIRELESS REPORT, *supra* note 327, at 37.

visiting.<sup>335</sup> Ultimately, 3G capabilities may allow vendors to build handsets that work anywhere in the world.<sup>336</sup>

### Unlicensed Spectrum

Small wireless companies may choose to provide high-speed internet access by transmitting in unlicensed bands, or spread spectrum.<sup>337</sup> This unlicensed spectrum offers maximum downstream speeds in the 25 Mbps range.<sup>338</sup> This spectrum “offers a low-cost means for smaller companies to enter the wireless high-speed market.”<sup>339</sup> However, because there is no licensing requirement, the potential exists for interference from other applications. Consequently, high-speed internet services provided over unlicensed spectrum may perform well in rural areas where there is limited interference from competing applications; however, due to power output limitations, the service cannot be provided over a wide area.

### Satellite Technology

Traditional satellite networks have been limited to specialized private services and direct to home (DTH) video. However, new broadband satellite systems are offering service comparable to current broadband wireline and wireless services. Today, residential satellite offerings are capable of providing speeds in excess of 200 Kbps only in the downstream path with the upstream path provided by a standard dial-up telephone connection.<sup>340</sup> A few satellite providers — Hughes in particular — provide residential, high-speed, two-way service with downstream speeds ranging up to 400 kbps, and downstream speeds from 40 to 60 kbps.<sup>341</sup>

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<sup>335</sup> FIFTH WIRELESS REPORT, *supra* note 327, at 37.

<sup>336</sup> *Id.*

<sup>337</sup> *Id.* at E-10.

<sup>338</sup> *Id.*

<sup>339</sup> Second Advanced Services Report, *supra* note 317, at ¶ 55.

<sup>340</sup> *Id.* at ¶ 56.

<sup>341</sup> Third Advanced Services Report, *supra* note 310, at ¶ 85.

## Appendix T. Penalty Matrix for Violations of Retail Service Quality Rules

### Procedures for Calculating and Processing Administrative Penalties for Violations of P.U.C. SUBST. R. 26.54(c)

The methodology used by Commission Staff to compute recommended administrative penalties to be assessed by the Commission was established in Docket No. 23686 relating to Retail Service Quality. As approved by the Commission at the October 23, 2002 open meeting, the penalty matrix was established to provide a systematic and consistent policy for calculating and processing administrative penalty proceedings for companies violating P.U.C. SUBST. R. 26.54(c), *Relating to Telephone Service Quality Standards*. The process does not address when an enforcement action is initiated, but rather how the Commission Staff is to evaluate violations for the purpose of recommending administrative penalties to the Commission.

### Statutory Authorizations

Section 15.023 of the Public Utility Regulatory Act (PURA) provides the Commission with the authority to assess penalties and sets forth factors that must be considered in determining the penalty amount. Section 15.023 states:

- (a) The commission may impose an administrative penalty against a person regulated under this title who violates this title or a rule or order adopted under this title.
- (b) The penalty for a violation may be in an amount not to exceed \$5,000. Each day a violation continues or occurs is a separate violation for purposes of imposing a penalty.
- (c) The amount of an administrative penalty shall be based on:
  - (1) the seriousness of the violation, including:
    - (A) the nature, circumstances, extent, and gravity of a prohibited act; and
    - (B) the hazard or potential hazard created to the health, safety, or economic welfare of the public;
  - (2) the economic harm to property or the environment caused by the violation;
  - (3) the history of previous violations;
  - (4) the amount necessary to deter future violations;
  - (5) efforts to correct the violation; and
  - (6) any other matter that justice may require.

In order to fairly and consistently apply the factors established in Section 15.023, prior to issuing a Notice of Violation (NOV) to telecommunications companies for violations of P.U.C. SUBST. R. 26.54(c), Commission Staff must follow the three-step process outlined below.

#### Step 1

A proposed base-penalty amount shall be calculated according to the following penalty matrix:

**Table 30 — Matrix for Calculating and Processing Administrative Penalties for Violations of P.U.C. SUBST. R. 26.54(c), Relating to Telephone Service Quality Standards**

Penalty Amount Per Day in Dollars					
Violation Percentage					
Serving Exchange Access Line Range	>1% <= 5%	>5% <= 10%	>10% <= 15%	>15% <= 25%	>25%
1 to 2,500	100	200	300	400	500
2,501 to 4,000	200	400	500	600	700
4,001 to 6,000	300	600	700	800	900
6,001 to 8,000	400	800	900	1000	1100
8,001 to 10,000	500	1000	1100	1200	1300
10,001 to 20,000	600	1200	1300	1400	1500
20,001 to 30,000	700	1400	1500	1600	1700
30001 to 50000	800	1600	1700	1800	1900
50001 to 60000	900	1800	1900	2000	2100
60001 or Greater	1000	2000	3000	4000	5000

Calculation of the proposed base-penalty amount is intended to reflect the seriousness of the violation identified in Section 15.023(C)(1)(A). The penalty amount per day increases based on the size of the exchange and the severity of the divergence from the established benchmark. For example, if a dominant carrier misses a performance measure that requires 95% of the installation to be completed within five days for six consecutive months, the per-day violation amount will be based on the performance delivered during each of those six months. Initially, the number of days to be used in calculating the penalty amount shall be the number of calendar days for each month of violation. This approach is intended to impose a per-day penalty based on the number of affected customers.

### Step 2

Once a base-penalty amount is calculated, Commission Staff shall request an informal meeting with the carrier against whom penalties are proposed to be assessed. The purpose of the meeting is to inform the carrier of the calculated base penalty and to gather information relevant to: (1) prior violations, if any; (2) the amount necessary to deter future violations; (3) efforts to correct the violations; and (4) any other matter that justice may require. The additional information obtained in Step 2 shall be considered by Commission Staff and used to adjust the base-penalty amount.

**Step 3**

Staff shall revise the penalty amount consistent with Step 2 above and present its findings to the Commission's Executive Director or designee. The Executive Director may issue a proposed NOV. In the event the Executive Director issues a NOV, the proceeding shall proceed in accordance with the Commission's Procedural Rules.



## Appendix U. U.S. Legislative Activity

### Tauzin-Dingell (H.R. 1542)

The Tauzin-Dingell Bill, which passed the U.S. House of Representatives in February 2002, would release regional Bell operating companies (RBOCs) (*e.g.*, Southwestern Bell Telephone Company) from any requirement to unbundle their data network. The bill, known as “The Internet Freedom and Broadband Bill,” sponsored by Representatives Billy Tauzin (R-LA) and John Dingell (D-MI), specifically exempts incumbent carriers of their line-sharing, unbundling, and resale requirements, as well as their obligations to comply with Section 271 of the Federal Telecommunications Act (FTA) of 1996.<sup>342</sup>

Incumbent carriers that support the bill argue that less State regulation and oversight of the incumbent network will spur growth and innovation in the broadband market and investment in broadband infrastructure. Competitive carriers, however, argue that the bill will impede competitors’ ability to enter the market and all but cripple any opportunity for real choice in the telecommunications industry.

Essentially, the bill bars the Federal Communications Commission (FCC) and states from regulating the rates, charges, terms or conditions for, or entry into the provision of, any high-speed data, internet access, or internet backbone service. The FCC also may not impose or require the collection of any fees, taxes, charges, or tariffs on these services.

H.R. 1542 requires an incumbent local exchange carrier (ILEC) to provide competitive local exchange carriers (CLECs) only the high-speed service, if any, which the ILEC chooses to offer to its own customers. An ILEC can determine which central office it will use to provide the CLEC with access to the high-speed data service.

Additionally, H.R. 1542 bars the FCC from requiring ILECs to allow access to any packet switching network element or any fiber local loop or fiber feeder subloop, or to provide for collocation in a remote terminal or to construct or make available space in a remote terminal.

According to the bill, any high-speed service offered to CLECs must be offered on rates, terms, and conditions that are “just and reasonable” in accordance with § 201(b), but the service is deemed “non-dominant.” Deeming the incumbents’ high-speed service as “nondominant” allows the Bells to set the price of the service without any regulatory oversight.

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<sup>342</sup> When the incumbent telephone companies upgrade their networks, there are not two sets of unbundled elements, one old and one new. Instead, the incumbents are gradually replacing portions of the older network with newer fiber optic cable. They use that network to provide both voice and data service to their customers. Thus, eliminating access to these “new” facilities is the same as putting the entire network off-limits to competitors that want to use it to provide any service to their customers, including basic voice service.

The bill also prohibits the FCC from collecting any fees on high-speed services; the FCC may only “retain” existing universal service rules. Retaining existing rules does not ensure continued contributions to the universal service fund, because the FCC is only now considering whether it can require contributions from providers of broadband internet platforms. Barring reintroduction during future Congressional sessions, this bill is no longer in line for Congressional consideration.

### **Breaux-Nickles (S. B. 2430)**

Senators John Breaux (D-LA) and Don Nickles (R-OK) sponsored legislation in May 2002 that would impose the same regulations on all broadband platforms, whether digital subscriber line (DSL), cable modem or wireless. The FTA prohibits an RBOC from offering high-speed internet services until they meet provisions designed to increase competition among local telephone service providers.<sup>343</sup> In particular, Section 271 of the FTA prohibits monopoly entry into the long-distance market without first opening up their markets according to the 14-point checklist and Section 251 establishes unbundling requirements for the ILEC. Under the proposed legislation, the four RBOCs companies would no longer be required to share their DSL infrastructure with smaller, competitive companies.

This legislation is similar to the Tauzin-Dingell legislation (H.R. 1542). However, while Tauzin-Dingell would completely deregulate the Baby Bells, the Breaux-Nickles bill addresses only DSL service. The Breaux-Nickles bill leaves the other areas of telephone infrastructure regulated, and leaves it up to the FCC to set specific rules regarding regulations, stipulating that the FCC cannot impose any new regulatory restraints on any broadband provider.

Proponents of imposing similar regulations on all broadband platforms, like Southwestern Bell Corporation (SBC), have argued that:

Regulators have taken a hands-off approach to cable modem services offered by cable giants like AT&T Broadband, AOL, Time Warner, Comcast and others. Cable operators have been free to design their broadband services and to conduct their broadband business as any other company would in a competitive market, which has contributed to their dominant share of the market.<sup>344</sup>

Those opposed have asserted a counterargument to the RBOCs claims that they should be treated the same as cable. In particular, AT&T in its comments to the FCC in the *Matter of Appropriate Framework for Broadband Access to the Internet Over*

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<sup>343</sup> *Baby Bells Take Step Toward High-Speed Internet*, WASHINGTON TECHNOLOGY, May 2001, Vol. 6. No. 4, by Kerry Gildea. Available online: [http://www.washingtontechnology.com/news/16\\_4/federal/16561-1.html](http://www.washingtontechnology.com/news/16_4/federal/16561-1.html).

<sup>344</sup> SBC, Public Affairs, *Broadband Policy Statement, Opening our Markets*, available online at: [http://www.sbc.com/public\\_affairs/opening\\_our\\_markets/0,5931,218,00.html](http://www.sbc.com/public_affairs/opening_our_markets/0,5931,218,00.html).

*Wireline Facilities*, has asserted that the RBOCs' claims that they bear more regulatory costs than cable ignores the regulatory burdens on cable.<sup>345</sup> AT&T argued that:

Cable companies must comply with local franchising requirements and pay billions of dollars in franchise fees. They must build and donate 'institutional networks' to franchising authorities. They are subject to 'must-carry,' public and educational and government (PEG) access channels, and other regulations that require them to share their networks—and, unlike the Bells' network sharing obligations, these cable sharing obligations are uncompensated.<sup>346</sup>

Barring reintroduction during future Congressional sessions, this bill is no longer in line for Congressional consideration.

### **Structural Separation Plan: “The Hollings Bill” (S. B. 1364)**

Senate Bill 1364 Telephone Industry Enforcement Legislation was introduced by Senator Ernest Hollings (D-SC), Chairman of the Senate Commerce Committee, on August 8, 2001 in response to the Breaux-Nickles bill. The proposed legislation would require ILECs to structurally separate their wholesale operations from their retail operations for violating the competitive provisions (§§ 251, 252, 271 and 272) of the FTA.

The bill would require the FCC to settle complaints over enforcement violations of the FTA within 90 days and impose \$10 million per violation and \$2 million for each day of each violation. The bill would also give State public utility commissions the authority to implement a similar fining structure to the FCC's as a floor for any existing State authority. In addition, the proposed legislation would authorize the FCC to award a carrier prevailing in its suit against an RBOC 50% of the monetary fines imposed and award reasonable attorneys' fees and costs.

Other provisions of the bill include the reclassification of the RBOCs as nondominant by the FCC only after 40% of the existing access lines are served by competitors. Under the bill, RBOCs would also have to publish a list of remote terminals served by fiber and the FCC would establish performance metrics for unbundled network elements. The bill would also bar the FCC for five years from relaxing its accounting rules with respect to RBOCs. Barring reintroduction during future Congressional sessions, this bill is no longer in line for Congressional consideration.

### **Small Business & Farm Economic Recovery Act**

In early 2002, Senators Max Baucus (D-MO) and Charles Grassley (R-IA) sponsored the “Small Business & Farm Economic Recovery Act” to address broadband provisioning in rural areas. The proposed bill, S.B. 88, would establish a tax credit to encourage the use of broadband technology. It provides a 10% investment tax credit for

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<sup>345</sup> See *In the Matter of Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities*, CC Docket No. 02-33. Comments of AT&T Corp., May 3, 2002 at 73.

<sup>346</sup> *Id.*

current generation broadband services to subscribers in rural and underserved areas. It also provides a 20% credit for next generation broadband services to subscribers in rural areas, underserved areas, and residential subscribers. Barring reintroduction during future Congressional sessions, this bill is no longer in line for Congressional consideration.

### **Rural Advisory Board at the FCC**

In October 2002, Representative Lee Terry (R-NE) introduced H.R. 5602, which would create within the FCC a Rural Issues Advisory Board. The purpose of the Board would be to assist the FCC in developing policies and procedures for rural customers and carriers, and to ensure that the FCC takes into consideration the size and the resources of affected parties in rural America. Barring reintroduction during future Congressional sessions, this bill is no longer in line for Congressional consideration.

### **Broadband Deployment Language in the Senate Farm Bill**

The farm bill was signed into law by President George W. Bush on May 13, 2002. Section 6103 of Title VI (Rural Development) of the Farm Bill authorizes the Rural Utility Service (RUS) of the U.S. Department of Agriculture (USDA) to administer hundreds of millions of dollars in technology-neutral loans and loan guarantees dedicated exclusively for rural broadband infrastructure projects in rural communities of 20,000 people or less. This is the largest rural broadband loan program in U.S. history.

The program also permits states and local governments to apply for funds, only if, within the first 90 days after publication of the regulation, no other party provides or has committed to provide, broadband service. The final funding levels for the program amounted to \$100 million stretched over five years, or \$20 million per year in budget authority funding. Budget authority funding means the program is funded through direct mandatory spending, not in appropriation. The RUS is responsible for crafting the rules governing the application process for the program.

## Appendix V. Commission’s Response to the FCC’s Request for Comments relating to Core Broadband and Local Competition Proceedings

### Special Access NPRM

On November 19, 2001, the FCC released a Notice of Proposed Rulemaking (NPRM) requesting comment on whether it should adopt a limited number of measurements and standards for evaluating incumbent local exchange carriers’ (ILECs’) performance with respect to the provisioning of special access services that competitive local exchange carriers (CLECs) use to compete for end-use customers.

Given a pending arbitration at the Commission regarding special access regarding performance measures,<sup>347</sup> the Commission could not directly comment on the questions raised in the NPRM. However, the Commission outlined for the Federal Communications Commission (FCC) the importance of reaching a determination of issues related to performance measurements and standards regarding special access given the challenges the Commission has faced in implementing performance measures under Section 271. In particular, the arbitration before the Commission challenges its authority to monitor ILEC performance in provisioning of interstate special access in lieu of unbundled network elements (UNEs).

The arbitration was the result of a decision the Commission reached in its first six-month review of the Texas Section 271 performance measures. Essentially, the Commission considered whether performance measures should apply to special access when a CLEC is required to order special access to provide local service. Specifically, the Commission determined, “to the extent a CLEC orders special access in lieu of UNEs, SWBT’s performance shall be measured as another level of disaggregation in all UNE measures.”<sup>348</sup> The practical result of this determination is that special access should be included under the Texas Performance Remedy Plan to the extent that Southwestern Bell Telephone Company (SWBT) requires CLECs to order special access services to obtain Enhanced Extended Loops (which are provided for under the Texas Section 271 Agreement).

On August 17, 2001, following the issuance of the Commission’s determination in that proceeding, SWBT made two challenges to the addition of “special access” performance measurements. SWBT argued that the Commission did not have

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<sup>347</sup> *Petition of Southwestern Bell Telephone Company for Arbitration regarding the Implementation of Special Access Performance Measures*, Docket No. 24515, (pending) (Southwestern Bell Telephone Company requested arbitration regarding the appropriateness of requiring performance measures on the provisioning of special access services established in Texas PUC Project No. 20400, Section 271 Compliance Monitoring of Southwestern Bell Telephone Company of Texas) (Texas Special Access Arbitration).

<sup>348</sup> *Section 271 Compliance Monitoring of Southwestern Bell Telephone Company of Texas*, Docket No. 20400, Order No. 33, Approving Modifications to Performance Remedy Plan and Performance Measurements, Changes/Deletions to Version 1.7 at 88 (June 1, 2001).

jurisdiction because of the nature of “special access” and that the Commission did not have the authority to order the additional performance measurements because the Remedy Plan did not allow it without SWBT's agreement.<sup>349</sup> Because of SWBT's arguments regarding the Commission's jurisdiction over special access, the Commission agreed to determine in an arbitration the extent to which CLECs are using special access as a substitute for transport in order to obtain Enhanced Extended Loops under the Texas 271 Agreement (T2A) or whether carriers are simply ordering special access as a wholesale service.

### **Performance Measures for Unbundled Network Elements**

On November 19, 2001, the FCC issued an NPRM regarding Performance Measurements and Standards for Unbundled Network Elements (UNEs) and Interconnection. In this NPRM, the FCC requested comment on whether it should adopt a limited number of measurements and standards for evaluating ILEC performance with respect to pre-ordering, ordering, provisioning, repair, and maintenance functions. The NPRM also requested comment on the use and scope of any national performance measurement standard, and the appropriate review or sunset mechanism should the FCC adopt national standards. The FCC is also interested in learning how to balance CLECs' concerns about poor provisioning of UNEs, interconnection trunks, and collocation, with the ILECs' concern about the number and cost of state and federal measurements and standards.

The Commission filed comments in the response to the FCC's NPRM, emphasizing the important role that State's play in creating, implementing, and monitoring the performance of ILECs, and that State's should be involved in federal efforts to reform and minimize performance measures and standards. In addition, the Commission emphasized that action by the FCC that establishes consistent, minimum requirements or supplements the State plans will further facilitate competition, as long as the FCC ensures that any requirements it ultimately adopts are: 1) at a minimum, as stringent as the strongest State plan; and 2) do not preclude the States from adopting additional measures to the extent they are necessary. Should the FCC establish performance measures, the Commission urged the FCC to consider performance measures for unbundled network element platform (UNE-P), resale, and measurements to capture all loop types, including x-digital subscriber line (xDSL) capable loops.

### **First Triennial Review of Unbundled Network Elements**

On December 20, 2001, the FCC released a NPRM relating to its first triennial review of its policies on UNEs. This review provides the FCC with an opportunity to examine the framework under which ILECs must make UNEs available to competing carriers. Among other things, the FCC examined in this NPRM the ILECs' wholesale obligations under § 251 of the FTA to make their facilities available as UNEs to CLECs for the provision of broadband services. The NPRM also sought comment on whether the FCC should apply unbundling requirements based on type of service, facility, geography, or other factors (*i.e.*, “more granular statutory analysis”). Additionally, the

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<sup>349</sup> Docket No. 24515, *supra note 347*, at 5 (Aug. 17, 2001).

FCC requested comment on whether to retain, modify, or eliminate its existing definitions and requirements for UNEs, as well as the role of State commissions regarding UNEs.

In its comments, the Commission cautioned the FCC from focusing primarily on facilities-based competition at the expense of alternative entry strategies for competitive carriers, such as the UNE platform. The Commission pointed out that UNE-P has proven to be an important entry strategy for many competitors in the local market for telecommunications services, and that the competition that does exist in Texas relies heavily on the use of UNEs as a means of offering Texas customers the benefits of competition in market for telecommunications and broadband services.

Further, the Commission urged the FCC to rely on the knowledge base within state commissions regarding the characteristics of markets and incumbent carriers within their State, and the entry strategies that have worked best. The Commission urged the FCC to allow States to retain the authority to impose additional unbundling obligations on ILECs, provided they meet the requirements of Section 251 of the Federal Telecommunications Act of 1996 (FTA), the policy framework of the UNE Remand Order,<sup>350</sup> and any subsequent state commission policy. As part of a recent arbitration,<sup>351</sup> the Commission reexamined certain UNEs to evaluate whether there was a continued need for their availability, concluding that local switching should be available to CLECs on an unbundled basis without restrictions, as well as operator services and directory assistance. The Commission based its decision on Texas-specific market facts.

Should the FCC decline to let state commissions modify the national UNE list, the Commission recommended that all UNEs now on list should remain in place. Further, should the FCC pursue a national standard, the Commission strongly recommended that the FCC give consideration to the Performance Measurements (PMs) already in place in Texas,<sup>352</sup> and suggested convening a Federal-State Joint Conference on UNEs to inform and coordinate this review.

### **Broadband Access to the Internet over Wireline Facilities**

On February 15, 2002, the FCC released a NPRM regarding the appropriate statutory classification and regulatory framework for broadband access to the internet provided over domestic wireline facilities. In this NPRM, the FCC tentatively concluded that wireline broadband internet access services, whether provided over a third-party’s

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<sup>350</sup> *In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, FCC 99-238, (rel. Nov. 5, 1999) (*UNE Remand Order*).

<sup>351</sup> *Petition of MCImetro Access Transmission Services LLC for Arbitration of an Interconnection Agreement with Southwestern Bell Telephone Company Under the Telecommunications Act of 1996*, Docket No. 24542 (May 1, 2002) (UNE Pricing Arbitration). See Chapter V for a detailed analysis of this arbitration.

<sup>352</sup> *See Notice of Proposed Rulemaking In the Matter of Performance Measurements and Standards for Unbundled Network Elements and Interconnection*, CC Docket No. 01-318, Comments of the Public Utility Commission of Texas (Jan. 22, 2002) (UNE Performance Measure NPRM).

facilities or self-provisioned facilities, are information services with a telecommunications component, rather than telecommunications services.<sup>353</sup> This proceeding investigated how Title I regulation applies to broadband services provided as information services.

The Commission supported the FCC's policy goals of ensuring ubiquitous availability of broadband service and a regulatory environment that encourages investment, deployment, competition, and innovation within the broadband market. However, the Commission cautioned against the classification of wireline broadband internet access service as an information service, asserting that such a classification could remove wireline broadband internet access services from numerous competitive, customer protection, and quality of service requirements imposed at the state and federal level on common carriers that provide telecommunications services.

In particular, such a classification could affect the Commission's jurisdictional authority over existing broadband telecommunications services as the number of wireline broadband internet access service providers provisioning digital telecommunications services, such as voice-grade service, increases. The Commission urged the FCC to avoid adopting a rule that diminishes the state's authority to encourage advanced services deployment to implement its own legislatively enacted policies and that affects the state's traditional role in overseeing customer protection and service quality standards. Additionally, the Commission commented that the classification of wireline broadband internet access services as information services could possibly reduce the Commission's regulatory authority over municipal franchise fees for the use of public rights-of-way.

Given the evidentiary records developed by the States, the Commission also expressed concern that modification or elimination of existing access obligations on providers of self-provisioned wireline broadband internet access services could have extensive effects on state regulatory enforcement authority to prevent anti-competitive behavior within the broadband market.

### **Other FCC Activities**

In addition to the core broadband proceedings, the Commission has been actively involved with FCC proceedings and activities related to the following:

- Accounting reform,
- Customer proprietary network information,
- Competitive access to multi-tenant environments,
- Equal access and nondiscriminatory safeguards,
- Numbering resource optimization, and
- Sunset of Bell Operating Companies (BOC) separate affiliate and related requirements.

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<sup>353</sup> Telecommunications services means that under federal and state law, those offerings are subject to traditional common carrier obligations—that is, they must be offered to all, including ISPs, on nondiscriminatory rates, terms and conditions.

## **Accounting Reform**

In November 2001, the FCC issued a Report and Order (R&O) and Further Notice of Proposed Rulemaking (FNPRM) regarding the *Matter of 2000 Biennial Regulatory Review—Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2, and Amendments to the Uniform System of Accounts for Interconnection* in CC Docket No. 00-199 and CC Docket No. 97-212.<sup>354</sup> In response to the FNPRM and the Phase 3 comments, the National Association of Regulatory Utility Commissioners (NARUC) asked the FCC to create a Joint Conference in this docket to facilitate the Phase 3 review. The FCC agreed with this suggestion and issued an Order on September 5, 2002 convening the Federal-State Joint Conference on Regulatory Accounting Issues, requesting that NARUC recommend five state representatives to the Joint Conference. In September 2002, Chairman Klein was appointed by Chairman Powell. The Joint Conference will be charged with ensuring that regulatory accounting data and related information filed by telecommunications companies are adequate, truthful, and thorough. Additionally, the Joint Conference will provide a forum for state and federal policymakers to consider, coordinate, and conduct initiatives that will ensure that the collection and exchange of regulatory accounting information are adequate and effective. One of the first tasks of the Joint Conference will be to reexamine federal and state regulatory accounting and related requirements and make recommendations for improvements.<sup>355</sup>

## **Customer Proprietary Network Information (CPNI)**

In January 2002, the Commission adopted modifications to its CPNI<sup>356</sup> rules to align them with changes made by the FCC to Title 47 of the Code of Federal Regulations (CFR), Part 64, Subpart U, §§ 64.2001 – 64.2009, Customer Proprietary Network Information, and those rules further refined by the FCC in the *Clarification Order and Second Further Notice of Proposed Rulemaking* (released September 7, 2001) (Clarification Order).<sup>357</sup>

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<sup>354</sup> In the R&O, the FCC: (1) consolidated Class A accounting requirements from 296 to 164 accounts; (2) eliminated cost allocation manuals and biennial audits for mid-sized carriers; (3) streamlined the information in each Automated Reporting Management Information System (ARMIS) report filed by large LECs; and (4) eliminated, for mid-sized carriers, three out of four financial ARMIS reports. The R&O also established new subaccounts for Circuit and Packet under Digital Switching, Electronic and Optical Subaccounts under Circuit Equipment, and Wholesale and Retail Subaccounts under Services. The FNPRM sought comment on the appropriate circumstances for elimination of accounting and reporting requirements for incumbent local exchange carriers (LECs); whether certain ARMIS information would more appropriately be collected through ad hoc data requests or the Commission’s Local Competition and Broadband Data Gathering Program; and whether changes should be made to match amendments to the separations rules.

<sup>355</sup> *In the Matter of Federal-State Joint Conference on Accounting Issues*, WC Docket No. 02-269, FCC 02-240, released September 5, 2002. p. 1.

<sup>356</sup> *See Review of P.U.C. Subst. R. §26.122 Regarding Customer Proprietary Network Information*, Project No. 22490, Order Adopting Amendment to PUC Subst. R. 26.122 (Jan. 23, 2002).

<sup>357</sup> At the time of adoption of this rule, the FCC was reviewing the most appropriate method by which carriers must secure their customers’ consent to use the customer’s CPNI in light of the Tenth

On July 16, 2002, the FCC adopted a Third Report and Order, and Third Further NPRM regarding CPNI.<sup>358</sup> The FCC adopted rules focused on the nature of the customer approval required before a telecommunications carrier can use, disclose or permit access to CPNI. The Order applies an “Opt-out”/presumed consent procedures to carrier use of CPNI or disclosure of that information to “affiliated entities” providing communications-related services, as well as third-party agents and joint venture partners providing communications-related services. According to the FCC’s Order, telecommunications carriers are free to use “Opt-In”/express consent procedures if they so choose. The FCC did require “Opt-In” procedures before a carrier can disclose CPNI to unrelated third parties or to carrier affiliates that do not provide communications-related services. With respect to existing state rules on CPNI, the FCC affirms their belief that the States are uniquely qualified to assess the local competitive landscape and determine whether additional safeguards are necessary.

The FCC also adopted a Further Notice of Proposed Rulemaking seeking comment on enforcement issues and issues related to customer information of carriers who go out of business or seek bankruptcy protection.

### **Multi-Tenant Environments**

On November 30, 2001, the Wireless Telecommunications Bureau (WTB) of the FCC issued a Public Notice (Notice) seeking comment regarding the current state of the market for local and advanced telecommunications services in multi-tenant environments (MTEs). The Notice outlined twelve areas related to competitive local exchange carriers’ access to MTEs. The Commission submitted limited comments regarding the State laws or regulations requiring or encouraging nondiscriminatory access and the nature of those laws or regulations; and the experiences of carriers, building owners, and end users in States that have promulgated nondiscriminatory access requirements, including the

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Circuit’s decision, which vacated a portion of FCC’s Order on Reconsideration. The modifications made to the rule were constructed in such a way to allow flexibility once the FCC decides whether to adopt an “opt-in” or “opt-out” mechanism for consent to use a customer’s CPNI.

<sup>358</sup> 47 C.F.R. §64.2003 (definition for CPNI)

(c) Customer proprietary network information (CPNI).

(1) Customer proprietary network information (CPNI) is: (i) Information that relates to the quantity, technical configuration, type, destination, and amount of use of a telecommunications service subscribed to by any customer of a telecommunications carrier, and that is made available to the carrier by the customer solely by virtue of the customer-carrier relationship; and (ii) Information contained in the bills pertaining to telephone exchange service or telephone toll service received by a customer of a carrier.

(2) Customer proprietary network information does not include subscriber list information.

(g) Subscriber list information (SLI). Subscriber list information (SLI) is any information:

(1) Identifying the listed names of subscribers of a carrier and such subscribers’ telephone numbers, addresses, or primary advertising classifications (as such classifications are assigned at the time of the establishment of such service), or any combination of such listed names, numbers, addresses, or classifications; and (2) That the carrier or an affiliate has published, caused to be published, or accepted for publication in any directory format.

numbers and types of complaint and enforcement actions that have been filed.<sup>359</sup> In these comments, the Commission emphasized the principles regarding a customer’s choice of telecommunications providers in a MTE as a vital component of a fully competitive telecommunications marketplace.

### **Equal Access**

On February 28, 2002, the FCC released a Notice of Inquiry (NOI) initiating a review of the applicability of § 251(g) of the FTA, which imposes equal access and nondiscrimination obligations on ILECs. The FCC sought comment on what specific obligations remain in place today that apply to Bell operating companies (BOCs)—both with and without Section 271 authority to provide in-region long-distance services—as well as to ILECs and CLECs. In particular, the FCC was interested in finding out whether existing equal access and nondiscrimination requirements should be changed or eliminated in light of changes in market conditions, including the state of competition in the local market and BOC entry into the long-distance market. Further, the FCC required comment on the circumstances under which marketing arrangements between BOCs (those with Section 271 authority versus those without) and other carriers are permissible. The FCC also wanted input on the relationship between FTA Sections 272 and 251(g), and the marketing activities, such as outbound marketing, that BOCs with Section 271 authority may pursue.

The intent of the FTA’s existing equal access and nondiscrimination safeguards was to provide ample opportunity and time for competition to develop in all markets and to prevent BOC discrimination in favor of their affiliates. The Commission noted that while great strides have been made in the legislative and regulatory arena to encourage competition in these markets, the competitive telecommunications industry in Texas is still in its formative years and continues to evolve. The Commission expressed concern that elimination of equal access and nondiscrimination requirements could halt competition before it has had sufficient opportunity to take root, and may have an impact on market entry, as well as the market share of competitive carriers in these markets. The Commission reasoned that these obligations may provide needed market certainty that will ensure the continued development of competition in these markets.

The Commission is concerned that, without these equal access and nondiscrimination safeguards, the risk is greater that the local exchange, information services and long-distance markets may migrate to a vertically integrated intermodal model, as opposed to the current intramodal model that supports various competitors in each of these markets. For instance, it is conceivable that without these requirements, BOCs and other LECs could lack incentive to retain today’s open networks, which allow competing LECs, interexchange carriers (IXCs), and internet service providers (ISPs) access to their customers. The foreseeable result could be a closed network platform so that customers purchase all of their services—*e.g.*, local, long-distance and internet access—from their LEC. Such vertical integration could in turn result in: (1) reduced

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<sup>359</sup> For additional information regarding Texas PUC’s Building Access Statute (Docket No. 24604), see Chapter IV, Building Access.

competition in the information services and long-distance markets, as ISPs and IXC's would no longer be able to access the customer through the landline local network; and (2) only intermodal competition to the exclusion of intramodal competition, with various network providers, such as wireless, satellite, and cable, competing with the LEC for customers. In addition, it is unclear what impact a reduced number of competitors and intermodal competition would have on customer product pricing.

The Commission encouraged the FCC to be cautious in making any determination in light of current market conditions, and reiterated the importance of Federal-State cooperation to encourage competition in local markets and the deployment of next generation services to a broad cross-section of customers.

### **Numbering Resource Optimization**

In May 2002, the Commission submitted comments to the FCC's Third Order on Reconsideration, Third Further NPRM, and Second Further NPRM regarding Number Resource Optimization and Telephone Number Portability.

The Commission supported extending local number portability (LNP) requirements and thousands-block number pooling (pooling) to all LECs and covered Commercial Mobile Radio Service (CMRS) carriers in the largest 100 MSAs. The Commission also emphasized that certain situations may have good cause for an exemption from LNP and pooling requirements (such as smaller carriers having few or no customers within the Metropolitan Statistical Area (MSA)). For these reasons, the Commission recommended that the FCC authorize the State commissions to grant exemptions from these requirements on a case-by-case basis.

The Commission also supported including all MSAs comprising the Consolidated Metropolitan Statistical Areas (CMSAs) as part of the FCC's list of the largest 100 MSAs, citing that any of the areas included in the top 100 as a result of the use of CMSAs will benefit from LNP and pooling. With respect to carriers in less competitive areas, the Commission recommended that the state commissions could address any concerns through a case-by-case exemption process.

### **Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements**

On May 24, 2002, the FCC released an NPRM requesting comment on whether the structural separation, nondiscrimination safeguards, and the biennial audit of BOCs established in Section 272 of the FTA should be extended beyond the three-year sunset provision in the statute and, if so, what conditions, if any, should apply.

The Commission commented that the intent of the FTA's existing structural safeguards was to provide adequate opportunity and time for competition to develop in all markets (*e.g.*, local exchange and exchange access), and to prevent BOCs from discriminating against others in favor of their affiliates. To implement Section 272, the FCC created a set of nondiscrimination safeguards designed to discourage and detect improper cost allocation and cross-subsidization between a BOC and its affiliate.

The Commission argued that although some progress has been made toward leveling the field, SWBT’s continued dominance over local exchange and exchange access services still hinders the development of a fully competitive market, especially given the current status of the financial markets, CLECs’ access to capital, and the bankruptcy of many competitive carriers. Thus, SWBT retains both the incentive and ability to discriminate against competitors and to engage in anti-competitive behavior.

The Commission concluded that the sunset or modification of the Section 272 requirements on SWBT would be imprudent and untimely given that: (1) SWBT’s continuing performance deficiencies in providing access to competitors, resulting in SWBT’s payment of over \$23 million in Tier 1 and Tier 2 damages from November 1999 to the present; (2) the lack of alternative access points to the network; and (3) the initial biennial audit of SWBT, as required by Section 272(d), had not yet been released by the FCC. Accordingly, the Commission urged the FCC to extend SWBT’s Section 272 requirements for a minimum of one year past the July 10, 2003, and, preferably, until the second biennial audit of SWBT is completed and released by the FCC.



## Appendix W. List of Acronyms

ADAD	Automatic dial announcing device
ADSL	Asymmetric digital subscriber line
AFA	Additional financial assistance
AOL	America On Line
BFRR	Bona fide retail request
BOC	Bell Operating Company
BRI	Basic Rate Interface
CCL	Carrier common line
CCN	Certificate of convenience and necessity
CIPB	Critical Infrastructure Protection Board
CLEC	Competitive local exchange carrier
CMRS	Commercial mobile radio service
CMSA	Consolidated metropolitan statistical area
COA	Certificate of operating authority
CPE	Customer premises equipment
COG	Council of Government
CPD	Customer Protection Division
CPNI	Customer proprietary network information
CTP	Certificated telecommunications providers
CSEC	Commission on State Emergency Communications
CTU	Certificated telecommunications utility
CSR	Customer Service Representative

DCS	Digital cross-connect systems
DCTU	Dominant certificated telecommunications utility
DIR	Department of Information Resources
DOJ	Department of Justice
DSL	Digital subscriber line
DTH	Direct-to-the-home
EAS	Extended area service
EEL	Enhanced extended loop
ELCS	Extended local calling service
EMC	Emergency Management Council
EMRT	Emergency Management Response Team
EOC	Emergency Operation Center
EOP	Emergency Operation Plan
EPN	El Paso Networks
E9-1-1	Enhanced 9-1-1
FCC	Federal Communications Commission
FNPRM	Further Notice of Proposed Rulemaking
FTA	Federal Telecommunications Act of 1996
FY	Fiscal Year
GTE SW	GTE Southwest
HB	House Bill
HSPC	Homeland Security Policy Council

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HSSAOG	Homeland Security State Agency Operations Group
ILEC	Incumbent local exchange carrier
IP	Internet protocol
ISDN	Integrated services digital network
ISP	Internet service provider
IT	Information technology
IXC	Interexchange carrier
LATA	Local access and transport area
LEC	Local exchange carrier
LMDS	Local multi-point distribution systems
LMOS	Loop Maintenance Operations System
LNP	Local number portability
LRIC	Long run incremental cost
LS	Local switching
LSR	Local service request
MARS	Municipal access line reporting system
Mbps	Mega bits per second
MMDS	Microwave Multi-point Distribution System
MSA	Metropolitan statistical area
MTE	Multi-tenant environment
NARUC	National Association of Regulatory Utility Commissioners
NECA	National Exchange Carriers Association
NOI	Notice of Inquiry

NOV	Notice of Violation
NPRM	Notice of proposed rulemaking
ORCA	Office of Rural Community Affairs
OSS	Operations support systems
PCS	Personal Communications Services
PEG	Public and Educational and Government
PFD	Proposal For Decision
PICC	Presubscribed Interexchange Carrier Charge
PM	Performance Measures
POI	Point of interconnection
PRI	Primary Rate Interface
PSAP	Public safety answering point
PSTN	Public switched telephone network
PTS	Pay telephone service
PUC	Public Utility Commission
PURA	Public Utility Regulatory Act
RBOC	Regional Bell Operating Company
R&O	Report and Order
ROR	Rate-of-return
ROW	Right-of-way
RUS	Rural Utility Service
SB	Senate Bill

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SBC	Southwestern Bell Corporation
SERT	State Emergency Response Team
SIPAC	State Infrastructure Protection Advisory Committee
SLC	Subscriber line charge
SLI	Subscriber list information
SOAH	State Office of Administrative Hearings
SPFD	Supplemental Proposal For Decision
SPCOA	Service provider certificate of operating authority
SWB-LD	Southwestern Bell Long Distance
SWBT	Southwestern Bell Telephone Company
T2A	Texas 271 Agreement
TDHCA	Texas Department of Housing and Community Affairs
TDHS	Texas Department of Human Services
TELRIC	Total element long run incremental cost
THCUSP	Texas High-Cost Universal Service Plan
TIF	Texas Infrastructure Fund
TIPC	Texas Infrastructure Protection Center
TIRN	Texas Information and Referral Network
TFRPP	Texas First Responder Preparedness Program
TSR	Total services resale
TTA	Texas Telephone Association
TUSF	Texas Universal Service Fund
TWTC	Time Warner Telecom of Texas

UNE	Unbundled network elements
UNE-L	Unbundled network elements -loop
UNE-P	Unbundled network elements -platform
USDA	United States Department of Agriculture
USTA	United States Telephone Association
VoIP	Voice over internet protocol
WMD	Weapons of mass destruction
WTB	Wireless Telecommunications Bureau