

APPENDIX A -- FINAL RULES

Part 54 of the Code of Federal Regulations is amended as follows:

PART 54 -- UNIVERSAL SERVICE

1. The authority citations continue to read as follows:

Authority: 47 U.S.C. § 1, 4(i), 201, 205, 214, and 254 unless otherwise noted.

Subpart D -- Universal Service Support in High Cost Areas

2. Section 54.309 (a)(3) is revised to read as follows:

§ 54.309 Calculation and distribution of forward-looking support for non-rural carriers.

(a) * * *

(3) The national cost benchmark shall equal two weighted standard deviations above the national average FLEC per line.

* * *

3. Add section 54.316 as follows:

§ 54.316 Rate comparability review and certification for areas served by non-rural carriers.

(a) *Certification* Each state will be required annually to review the comparability of residential rates in rural areas of the state served by non-rural incumbent local exchange carriers to urban rates nationwide, and to certify to the Commission and the Administrator as to whether the rates are reasonably comparable, for purposes of section 254(b)(3) of the Telecommunications Act of 1996. If a state does not rely on the safe harbor described in paragraph (b), or certifies that the rates are not reasonably comparable, the state must fully explain its rate comparability analysis and provide data supporting its certification, including but not limited to residential rate data for rural areas within the state served by non-rural incumbent local exchange carriers. If a state certifies that the rates are not reasonably comparable, it must also explain why the rates are not reasonably comparable and explain what action it intends to take to achieve rate comparability.

(b) *Safe Harbor*. For the purposes of its certification, a state may presume that the residential rates in rural areas served by non-rural incumbent local exchange carriers are reasonably comparable to urban rates nationwide if the rates are below the nationwide urban rate benchmark. The nationwide urban rate benchmark shall equal the most recent average urban rate plus two weighted standard deviations. The benchmark shall be calculated using the average urban rate and standard deviation shown in the most recent annual *Reference Book of Rates, Price Indices, and Expenditures for Telephone Service* published by the Wireline Competition Bureau. To the extent that a state relies on the safe harbor, the rates that it compares to the nationwide urban rate benchmark shall include the access charges and other mandatory monthly rates included in the rate survey published in the most recent annual *Reference Book of Rates, Price Indices, and Expenditures for Telephone Service*. The *Reference Book of Rates, Price*

Indices, and Expenditures for Telephone Service is available for public inspection at the Commission's Reference Center at 445 12th Street, S.W., Washington, D.C. 20554 and on the Commission website at www.fcc.gov/wcb/iatd/lec.html.

(c) *Definition of "Rural Area."* For the purposes of this section, a "rural area" is a non-metropolitan county or county equivalent, as defined in the Office of Management and Budget's (OMB) Revised Standards for Defining Metropolitan Areas in the 1990s and identifiable from the most recent Metropolitan Statistical Area (MSA) list released by OMB. At a state's discretion, a "rural area" may also include any wire center designated by the state as rural for the purposes of this section. In the event that a state designates a wire center as rural, it must provide an explanation supporting such designation in its certification pursuant to paragraph (a).

(d) *Schedule for Certification* Annual certifications are required on the schedule set forth in section 54.313(d)(3), beginning October 1, 2004. Certifications due on October 1 of each year shall pertain to rates as of the prior July 1. Certifications filed during the remainder of the schedule set forth in section 54.313(d)(3) shall pertain to the same date as if they had been filed on October 1.

(e) *Effect of Failure to Certify.* In the event that a state fails to certify, no eligible telecommunications carrier in the state shall receive support pursuant to section 54.309.

APPENDIX B

Residential Monthly Urban Rate Data

**Reference Book Residential Monthly Urban Rate Data
1993-2002**

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Maximum	\$32.68	\$31.63	\$30.62	\$28.65	\$28.78	\$28.27	\$28.75	\$29.72	\$34.75	\$35.19
Minimum	\$12.18	\$12.18	\$13.04	\$13.04	\$13.05	\$13.05	\$13.05	\$13.21	\$15.31	\$15.65
Representative Monthly Charge (Average)	\$19.95	\$19.81	\$20.01	\$19.95	\$19.88	\$19.76	\$19.93	\$20.78	\$22.62	\$23.38
Weighted Standard Deviation (Std Dev)	\$4.23	\$4.28	\$3.41	\$3.28	\$3.35	\$3.24	\$3.46	\$3.57	\$4.20	\$4.45
Average + 2*(Std Dev)	\$28.41	\$28.38	\$26.84	\$26.51	\$26.58	\$26.24	\$26.85	\$27.92	\$31.01	\$32.28
Percentage to Average	142%	143%	134%	133%	134%	133%	135%	134%	137%	138%
Average + 3*(Std Dev)	\$32.65	\$32.66	\$30.25	\$29.78	\$29.93	\$29.47	\$30.31	\$31.49	\$35.21	\$36.72
Percentage to Average	164%	165%	151%	149%	151%	149%	152%	152%	156%	157%

Source:

Industry Analysis and Technology Division, Wireline Competition Bureau, *Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service (July 2003) (2003 Reference Book)*.

APPENDIX C

Adjusted GAO Rate Data

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8.78	Urban (Central City / Suburban)	Rural (Non-MSA)
Alabama	Auburn	CentralCity	BellSouth	\$24.73	\$24.73	
Alabama	Baileyton	Non-MSA	BellSouth	\$24.73		\$24.73
Alabama	Birmingham	CentralCity	BellSouth	\$25.08	\$25.08	
Alabama	Decatur	CentralCity	BellSouth	\$25.08	\$25.08	
Alabama	Goodwater	Non-MSA	BellSouth	\$24.43		\$24.43
Alabama	Hillsboro	Suburb	BellSouth	\$24.73	\$24.73	
Alabama	Morris	Suburb	BellSouth	\$25.08	\$25.08	
Alabama	Notasulga	Suburb	GTE Systems of the South	\$25.16	\$25.16	
Alaska	Anchorage	CentralCity	ATU Telecom	\$18.48	\$18.48	
Arizona	Flagstaff	CentralCity	Qwest	\$21.96	\$21.96	
Arizona	Gila Bend	Suburb	Qwest	\$21.96	\$21.96	
Arizona	Phoenix	CentralCity	Qwest	\$21.96	\$21.96	
Arizona	Sierra Vista	Non-MSA	Qwest	\$21.96		\$21.96
Arizona	South Tucson	Suburb	Qwest	\$21.96	\$21.96	
Arizona	Tucson	CentralCity	Qwest	\$21.96	\$21.96	
Arizona	Williams	Suburb	Qwest	\$21.96	\$21.96	
Arizona	Winslow	Non-MSA	Qwest	\$21.96		\$21.96
Arkansas	Barling	Suburb	Southwestern Bell	\$23.69	\$23.69	
Arkansas	Fort Smith	CentralCity	Southwestern Bell	\$23.69	\$23.69	
Arkansas	Haynes	Non-MSA	Southwestern Bell	\$22.29		\$22.29
Arkansas	Little Rock	CentralCity	Southwestern Bell	\$25.09	\$25.09	
Arkansas	Oil Trough	Non-MSA	Southwestern Bell	\$20.89		\$20.89
Arkansas	Pine Bluff	CentralCity	Southwestern Bell	\$23.69	\$23.69	
Arkansas	Sherrill	Suburb	Southwestern Bell	\$20.89	\$20.89	
Arkansas	Wrightsville	Suburb	Southwestern Bell	\$25.09	\$25.09	

* Rate data from GAO report for areas served by non-rural carriers only, adjusted by adding \$8.78 to each rate to reflect additional charges included in Bureau's Reference Book Residential Monthly Urban Rate Data

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8 78	Urban (Central City / Suburban)	Rural (Non-MSA)
California	Dos Palos	Suburb	Contel	\$25 63	\$25 63	
California	El Centro	Non-MSA	Pacific Bell	\$19 90		\$19 90
California	Greenfield	Suburb	Pacific Bell	\$19 47	\$19 47	
California	Hanford	Non-MSA	Pacific Bell	\$19 47		\$19 47
California	Los Angeles	CentralCity	Pacific Bell	\$19 47	\$19 47	
California	Merced	CentralCity	Pacific Bell	\$19 47	\$19 47	
California	Placerville	Suburb	Pacific Bell	\$19 47	\$19 47	
California	Sacramento	CentralCity	Pacific Bell	\$19.47	\$19 47	
California	Salinas	CentralCity	Pacific Bell	\$19 47	\$19.47	
California	San Fernando	Suburb	GTE	\$26.03	\$26 03	
Colorado	Boulder	CentralCity	Qwest	\$23 69	\$23 69	
Colorado	Buena Vista	Non-MSA	Qwest	\$23.69		\$23 69
Colorado	Colorado Springs	CentralCity	Qwest	\$23 69	\$23.69	
Colorado	Lafayette	Suburb	Qwest	\$23 69	\$23.69	
Colorado	Leadville	Non-MSA	Qwest	\$23.69		\$23 69
Colorado	Monument	Suburb	Qwest	\$23 69	\$23.69	
Colorado	Pueblo	CentralCity	Qwest	\$23.69	\$23.69	
Connecticut	Chester Center	Non-MSA	SNET	\$19.31		\$19 31
Connecticut	Essex	Non-MSA	SNET	\$19 31		\$19 31
Connecticut	Groton	Suburb	SNET	\$20 31	\$20 31	
Connecticut	Hartford	CentralCity	SNET	\$23.31	\$23.31	
Connecticut	New Canaan	Suburb	SNET	\$20.31	\$20.31	
Connecticut	Stamford	CentralCity	SNET	\$21.31	\$21 31	
Connecticut	Waterbury	CentralCity	SNET	\$22 31	\$22 31	
Delaware	Dover	CentralCity	Bell Atlantic	\$19.74	\$19 74	
Delaware	Felton	Suburb	Bell Atlantic	\$19.74	\$19 74	
Delaware	Lewes	Non-MSA	Bell Atlantic	\$20 40		\$20.40
Delaware	Millville	Non-MSA	Bell Atlantic	\$20 40		\$20.40
Delaware	Newport	Suburb	Bell Atlantic	\$20.40	\$20 40	
Delaware	Wilmington	CentralCity	Bell Atlantic	\$20 40	\$20.40	
District of Columbia	Washington	CentralCity	Bell Atlantic	\$21.56	\$21.56	

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8 78	Urban (Central City / Suburban)	Rural (Non-MSA)
Florida	Bartow	Suburb	GTE	\$20 33	\$20 33	
Florida	Fanning Springs	Non-MSA	BellSouth	\$19 95		\$19 95
Florida	Fernandina Beach	Suburb	BellSouth	\$17 00	\$17 00	
Florida	Havana	Suburb	BellSouth	\$18.07	\$18 07	
Florida	Jacksonville	CentralCity	BellSouth	\$19 24	\$19.24	
Florida	Lakeland	CentralCity	GTE	\$20.33	\$20.33	
Georgia	Aldora	Non-MSA	BellSouth	\$26 23		\$26 23
Georgia	Augusta	CentralCity	BellSouth	\$23 63	\$23 63	
Georgia	Avera	Non-MSA	BellSouth	\$21 28		\$21 28
Georgia	Columbus	CentralCity	BellSouth	\$23.63	\$23 63	
Georgia	Hamilton	Suburb	BellSouth	\$23.63	\$23 63	
Georgia	Hephzibah	Suburb	BellSouth	\$23.63	\$23 63	
Georgia	Macon	CentralCity	BellSouth	\$23 63	\$23 63	
Georgia	Payne	Suburb	BellSouth	\$23.63	\$23 63	
Hawaii	Hana	Non-MSA	GTE Hawaiian Tel Co	\$21 28		\$21 28
Hawaii	Honolulu	CentralCity	GTE Hawaiian Tel Co	\$23.18	\$23 18	
Hawaii	Kailua	Non-MSA	GTE Hawaiian Tel Co	\$23 18		\$23 18
Idaho	Boise City	CentralCity	Qwest	\$26 24	\$26 24	
Idaho	Caldwell	Suburb	Qwest	\$26.24	\$26 24	
Idaho	Dietrich	Non-MSA	Qwest	\$26 24		\$26 24
Idaho	Inkom	Suburb	Qwest	\$26 24	\$26 24	
Idaho	Pocatello	CentralCity	Qwest	\$26.24	\$26 24	
Idaho	Wendell	Non-MSA	Qwest	\$26.24		\$26.24
Illinois	Arlington Heights	Suburb	Ameritech	\$21 78	\$21.78	
Illinois	Champaign	CentralCity	Ameritech	\$21 78	\$21 78	
Illinois	Chicago	CentralCity	Ameritech	\$18 31	\$18.31	
Illinois	Clayton	Non-MSA	GTE	\$29.55		\$29 55
Illinois	Homer	Suburb	GTE	\$29.55	\$29.55	
Illinois	Minier	Suburb	GTE	\$29.55	\$29.55	
Illinois	Neponset	Non-MSA	GTE	\$29.55		\$29 55
Illinois	Peoria	CentralCity	Ameritech	\$21.78	\$21.78	

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8.78	Urban (Central City / Suburban)	Rural (Non-MSA)
Indiana	Edgewood	Suburb	Ameritech	\$19.26	\$19.26	
Indiana	Fort Wayne	CentralCity	GTE	\$26.34	\$26.34	
Indiana	Indianapolis	CentralCity	Ameritech	\$20.95	\$20.95	
Indiana	Kokomo	CentralCity	Ameritech	\$18.53	\$18.53	
Indiana	Ladoga	Non-MSA	Ameritech	\$18.53		\$18.53
Indiana	Marengo	Non-MSA	GTE	\$26.34		\$26.34
Indiana	Waterloo	Suburb	GTE	\$21.13	\$21.13	
Indiana	Windfall	Suburb	GTE	\$24.72	\$24.72	
Iowa	Atlantic City	Non-MSA	Qwest	\$19.49		\$19.49
Iowa	Davenport	CentralCity	Qwest	\$21.43	\$21.43	
Iowa	Des Moines	CentralCity	Qwest	\$21.43	\$21.43	
Iowa	Dubuque	CentralCity	Qwest	\$20.46	\$20.46	
Iowa	Durango	Suburb	Qwest	\$20.46	\$20.46	
Iowa	Hartford	Suburb	Qwest	\$21.43	\$21.43	
Iowa	Panorama Park	Suburb	Qwest	\$21.43	\$21.43	
Iowa	Renwick	Non-MSA	Qwest	\$19.49		\$19.49
Kansas	Auburn	Suburb	Southwestern Bell	\$23.53	\$23.53	
Kansas	Beloit	Non-MSA	Southwestern Bell	\$22.68		\$22.68
Kansas	El Dorado	Suburb	Southwestern Bell	\$22.68	\$22.68	
Kansas	Eudora	Suburb	Southwestern Bell	\$22.68	\$22.68	
Kansas	Lawrence	CentralCity	Southwestern Bell	\$22.68	\$22.68	
Kansas	Parsons	Non-MSA	Southwestern Bell	\$22.68		\$22.68
Kansas	Topeka	CentralCity	Southwestern Bell	\$22.68	\$22.68	
Kansas	Wichita	CentralCity	Southwestern Bell	\$22.98	\$22.98	
Kentucky	Lexington	CentralCity	GTE	\$27.73	\$27.73	
Kentucky	Louisville	CentralCity	BellSouth	\$27.18	\$27.18	
Kentucky	Owensboro	CentralCity	BellSouth	\$23.15	\$23.15	
Kentucky	Plymouth Village	Suburb	BellSouth	\$27.18	\$27.18	
Kentucky	Scottsville	Non-MSA	GTE	\$21.98		\$21.98
Kentucky	Stamping Ground	Suburb	BellSouth	\$24.00	\$24.00	
Kentucky	Stanford	Non-MSA	BellSouth	\$21.55		\$21.55
Kentucky	Whitesville	Suburb	BellSouth	\$23.15	\$23.15	

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8 78	Urban (Central City / Suburban)	Rural (Non-MSA)
Louisiana	Houma	CentralCity	BellSouth	\$21 21	\$21 21	
Louisiana	Lockport	Suburb	BellSouth	\$19 75	\$19 75	
Louisiana	Monroe	CentralCity	BellSouth	\$21 42	\$21 42	
Louisiana	New Llano	Non-MSA	BellSouth	\$20.59		\$20 59
Louisiana	New Orleans	CentralCity	BellSouth	\$21 42	\$21.42	
Louisiana	Sterlington	Suburb	BellSouth	\$21.42	\$21.42	
Louisiana	Vidalia	Non-MSA	BellSouth	\$20.59		\$20.59
Louisiana	Westwego	Suburb	BellSouth	\$21.42	\$21.42	
Maine	Auburn	Suburb	Verizon – New England	\$25.69	\$25 69	
Maine	Augusta	Non-MSA	Verizon – New England	\$25 69		\$25.69
Maine	Bangor	CentralCity	Verizon – New England	\$25.69	\$25 69	
Maine	Belfast	Suburb	Verizon – New England	\$24.41	\$24 41	
Maine	Lewiston	CentralCity	Verizon – New England	\$25 69	\$25 69	
Maine	Portland	CentralCity	Verizon – New England	\$25 69	\$25 69	
Maine	Waterville	Non-MSA	Verizon – New England	\$24 81		\$24.81
Maine	Westbrook	Suburb	Verizon – New England	\$25 69	\$25 69	
Maryland	Baltimore	CentralCity	Bell Atlantic	\$25 04	\$25.04	
Maryland	Cumberland	CentralCity	Bell Atlantic	\$23 79	\$23 79	
Maryland	Eldorado	Non-MSA	Bell Atlantic	\$23 79		\$23 79
Maryland	Frostburg	Suburb	Bell Atlantic	\$23.79	\$23.79	
Maryland	Hagerstown	CentralCity	Bell Atlantic	\$23.79	\$23 79	
Maryland	Hancock	Suburb	Bell Atlantic	\$24.29	\$24 29	
Maryland	Kitzmilller	Non-MSA	Bell Atlantic	\$23.79		\$23 79
Maryland	Manchester	Suburb	Bell Atlantic	\$24.29	\$24 29	
Massachusetts	Boston	CentralCity	Verizon – New England	\$26.12	\$26 12	
Massachusetts	Bourne	Non-MSA	Verizon – New England	\$26 12		\$26 12
Massachusetts	Chelmsford	Suburb	Verizon – New England	\$26.12	\$26.12	
Massachusetts	Fitchburg	CentralCity	Verizon – New England	\$26.12	\$26 12	
Massachusetts	Lowell	CentralCity	Verizon – New England	\$26.12	\$26 12	
Massachusetts	Taunton	Suburb	Verizon – New England	\$26.12	\$26.12	
Massachusetts	Templeton	Suburb	Verizon – New England	\$26.12	\$26.12	
Massachusetts	Williamstown	Non-MSA	Verizon – New England	\$26.12		\$26.12

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8 78	Urban (Central City / Suburban)	Rural (Non-MSA)
Michigan	Ann Arbor	CentralCity	Ameritech	\$52.73	\$52.73	
Michigan	Benton Harbor	CentralCity	Ameritech	\$52.73	\$52.73	
Michigan	Custer	Non-MSA	Ameritech	\$52.73		\$52.73
Michigan	Detroit	CentralCity	Ameritech	\$52.73	\$52.73	
Michigan	East Grand Rapids	Suburb	Ameritech	\$52.73	\$52.73	
Michigan	Eau Claire	Suburb	Ameritech	\$52.73	\$52.73	
Michigan	Fairgrove	Non-MSA	Ameritech	\$52.73		\$52.73
Michigan	Grand Rapids	CentralCity	Ameritech	\$52.73	\$52.73	
Michigan	Milan	Suburb	Ameritech	\$52.73	\$52.73	
Michigan	Sturgis	Non-MSA	GTE	\$22.44		\$22.44
Michigan	Wayne	Suburb	Ameritech	\$52.73	\$52.73	
Minnesota	Minneapolis	CentralCity	Qwest	\$23.54	\$23.54	
Minnesota	Rochester	CentralCity	Qwest	\$22.74	\$22.74	
Minnesota	Rock Creek	Non-MSA	Qwest	\$22.74		\$22.74
Minnesota	Sauk Rapids	Suburb	Qwest	\$22.74	\$22.74	
Minnesota	St Cloud	CentralCity	Qwest	\$22.74	\$22.74	
Minnesota	Stewartville	Suburb	Qwest	\$22.74	\$22.74	
Mississippi	Canton	Suburb	BellSouth	\$24.28	\$24.28	
Mississippi	Duck Hill	Non-MSA	BellSouth	\$23.93		\$23.93
Mississippi	Gulfport	CentralCity	BellSouth	\$27.79	\$27.79	
Mississippi	Hattiesburg	CentralCity	BellSouth	\$26.73	\$26.73	
Mississippi	Jackson	CentralCity	BellSouth	\$27.79	\$27.79	
Mississippi	McComb	Non-MSA	BellSouth	\$25.68		\$25.68
Mississippi	Ocean Springs	Suburb	BellSouth	\$27.44	\$27.44	
Mississippi	Purvis	Suburb	BellSouth	\$23.57	\$23.57	
Missouri	Bella Villa	Suburb	Southwestern Bell	\$20.03	\$20.03	
Missouri	Bragg City	Non-MSA	Southwestern Bell	\$16.26		\$16.26
Missouri	Columbia	CentralCity	GTE d/b/a/ Verizon	\$18.69	\$18.69	
Missouri	Duenweg	Suburb	Southwestern Bell	\$17.80	\$17.80	
Missouri	Harrisburg	Suburb	GTE	\$18.69	\$18.69	
Missouri	Joplin	CentralCity	Southwestern Bell	\$17.80	\$17.80	
Missouri	St Louis	CentralCity	Southwestern Bell	\$20.03	\$20.03	
Missouri	Wyatt	Non-MSA	Southwestern Bell	\$16.26		\$16.26

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8.78	Urban (Central City / Suburban)	Rural (Non-MSA)
Montana	Billings	CentralCity	Qwest	\$25.51	\$25.51	
Montana	Cascade	Suburb	Qwest	\$25.51	\$25.51	
Montana	Dillon	Non-MSA	Qwest	\$25.51		\$25.51
Montana	Great Falls	CentralCity	Qwest	\$25.51	\$25.51	
Montana	Laurel	Suburb	Qwest	\$25.51	\$25.51	
Montana	Whitehall	Non-MSA	Qwest	\$25.51		\$25.51
Nebraska	Avoca	Suburb	Aliant	\$26.28	\$26.28	
Nebraska	Hebron	Non-MSA	Aliant	\$26.28		\$26.28
Nebraska	Humphrey	Non-MSA	Qwest	\$26.93		\$26.93
Nebraska	Lincoln	CentralCity	Aliant	\$26.28	\$26.28	
Nebraska	Omaha	CentralCity	Qwest	\$26.93	\$26.93	
Nebraska	Roca	Suburb	Aliant	\$26.28	\$26.28	
Nevada	Carson City	Non-MSA	Nevada Bell	\$19.53		\$19.53
Nevada	Henderson	Suburb	Central Tel Co of NV Sprint	\$17.83	\$17.83	
Nevada	Las Vegas	CentralCity	Central Tel Co of NV Sprint	\$17.83	\$17.83	
Nevada	Lovelock	Non-MSA	Nevada Bell	\$19.53		\$19.53
Nevada	Reno	CentralCity	Nevada Bell	\$19.53	\$19.53	
Nevada	Sparks	Suburb	Nevada Bell	\$19.53	\$19.53	
New Hampshire	Franklin	Suburb	Verizon – New England	\$23.23	\$23.23	
New Hampshire	Littleton	Non-MSA	Verizon – New England	\$20.92		\$20.92
New Hampshire	Manchester	CentralCity	Verizon – New England	\$24.51	\$24.51	
New Hampshire	Mason	Suburb	Verizon – New England	\$22.07	\$22.07	
New Hampshire	Nashua	CentralCity	Verizon – New England	\$24.51	\$24.51	
New Hampshire	Rochester	CentralCity	Verizon – New England	\$23.23	\$23.23	
New Hampshire	Somersworth	Suburb	Verizon – New England	\$23.23	\$23.23	
New Hampshire	Whitefield	Non-MSA	Verizon – New England	\$20.92		\$20.92
New Jersey	Atlantic City	CentralCity	Bell Atlantic - NJ	\$16.23	\$16.23	
New Jersey	Cap May Point	Suburb	Bell Atlantic - NJ	\$16.23	\$16.23	
New Jersey	Hoboken	Suburb	Bell Atlantic - NJ	\$16.97	\$16.97	
New Jersey	Jersey City	CentralCity	Bell Atlantic - NJ	\$16.97	\$16.97	
New Jersey	Newark	CentralCity	Bell Atlantic - NJ	\$16.97	\$16.97	
New Jersey	Victory Gardens	Suburb	Bell Atlantic - NJ	\$16.23	\$16.23	

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8.78	Urban (Central City / Suburban)	Rural (Non-MSA)
New Mexico	Albuquerque	CentralCity	Qwest	\$19.44	\$19.44	
New Mexico	Angel Fire	Non-MSA	Qwest	\$19.44		\$19.44
New Mexico	Bernalillo	Suburb	Qwest	\$19.44	\$19.44	
New Mexico	Las Cruces	CentralCity	Qwest	\$19.44	\$19.44	
New Mexico	Las Vegas	Non-MSA	Qwest	\$19.44		\$19.44
New Mexico	Santa Fe	CentralCity	Qwest	\$19.44	\$19.44	
New Mexico	Sunland Park	Suburb	Qwest	\$19.44	\$19.44	
New York	Bronxville	Suburb	Verizon	\$28.94	\$28.94	
New York	Cattaraugus	Non-MSA	Verizon	\$21.92		\$21.92
New York	Cornwall on Hudson	Suburb	Verizon	\$25.43	\$25.43	
New York	Glens Falls	CentralCity	Verizon	\$25.43	\$25.43	
New York	Ithaca	Non-MSA	Verizon	\$24.06		\$24.06
New York	New York	CentralCity	Verizon	\$28.94	\$28.94	
New York	Newburgh	CentralCity	Verizon	\$25.43	\$25.43	
New York	Rochester	CentralCity	Frontier	\$20.49	\$20.49	
New York	Sodus Point	Suburb	Verizon	\$25.43	\$25.43	
New York	Whitehall	Suburb	Verizon	\$24.06	\$24.06	
North Carolina	Asheville	CentralCity	BellSouth	\$20.97	\$20.97	
North Carolina	Biltmore Forest	Suburb	BellSouth	\$20.97	\$20.97	
North Carolina	Charlotte	CentralCity	BellSouth	\$21.31	\$21.31	
North Carolina	Elk Park	Non-MSA	BellSouth	\$19.25		\$19.25
North Carolina	Lake Park	Suburb	BellSouth	\$21.04	\$21.04	
North Dakota	Belfield	Non-MSA	Qwest	\$26.47		\$26.47
North Dakota	Bismarck	CentralCity	Qwest	\$26.47	\$26.47	
North Dakota	Emerado	Suburb	Qwest	\$26.47	\$26.47	
North Dakota	Fargo	CentralCity	Qwest	\$26.47	\$26.47	
North Dakota	Grand Forks	CentralCity	Qwest	\$26.47	\$26.47	
North Dakota	Grandin	Suburb	Qwest	\$26.47	\$26.47	
North Dakota	Mandan	Suburb	Qwest	\$26.47	\$26.47	

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8.78	Urban (Central City / Suburban)	Rural (Non-MSA)
Ohio	Canton	CentralCity	Ameritech	\$23.03	\$23.03	
Ohio	Clarksville	Non-MSA	GTE	\$22.71		\$22.71
Ohio	Dayton	CentralCity	Ameritech	\$23.03	\$23.03	
Ohio	Miamisburg	Suburb	Ameritech	\$23.03	\$23.03	
Ohio	Middleport	Non-MSA	GTE	\$22.71		\$22.71
Ohio	Waynesburg	Suburb	Ameritech	\$23.13	\$23.13	
Oklahoma	Cache	Suburb	Southwestern Bell	\$20.85	\$20.85	
Oklahoma	Claremore	Suburb	Southwestern Bell	\$22.50	\$22.50	
Oklahoma	Lake Aluma	Suburb	Southwestern Bell	\$22.50	\$22.50	
Oklahoma	Lawton	CentralCity	Southwestern Bell	\$20.85	\$20.85	
Oklahoma	Oklahoma City	CentralCity	Southwestern Bell	\$22.50	\$22.50	
Oklahoma	Pawnee	Non-MSA	Southwestern Bell	\$19.00		\$19.00
Oklahoma	Pocola	Non-MSA	Southwestern Bell	\$20.85		\$20.85
Oklahoma	Tulsa	CentralCity	Southwestern Bell	\$22.50	\$22.50	
Oregon	Adams	Non-MSA	Qwest	\$21.58		\$21.58
Oregon	Albany	Suburb	Qwest	\$21.58	\$21.58	
Oregon	Corvallis	CentralCity	Qwest	\$21.58	\$21.58	
Oregon	Eugene	CentralCity	Qwest	\$21.58	\$21.58	
Oregon	Junction City	Suburb	Qwest	\$21.58	\$21.58	
Oregon	Milton-Freewater	Non-MSA	Qwest	\$21.58		\$21.58
Oregon	Portland	CentralCity	Qwest	\$21.58	\$21.58	
Oregon	Yamhill	Suburb	GTE	\$21.37	\$21.37	
Pennsylvania	Exeter	Suburb	Bell Atlantic - PA	\$20.91	\$20.91	
Pennsylvania	Franklin	Suburb	Verizon North	\$21.61	\$21.61	
Pennsylvania	Johnstown	CentralCity	Verizon North	\$22.58	\$22.58	
Pennsylvania	Oxford	Suburb	Bell Atlantic - PA	\$19.66	\$19.66	
Pennsylvania	Philadelphia	CentralCity	Bell Atlantic - PA	\$22.21	\$22.21	
Pennsylvania	Saltsburg	Non-MSA	Verizon North	\$18.65		\$18.65
Pennsylvania	Scranton	CentralCity	Bell Atlantic - PA	\$20.91	\$20.91	
Pennsylvania	South New Castle	Non-MSA	Bell Atlantic - PA	\$17.06		\$17.06
Rhode Island	East Providence	Suburb	Verizon	\$26.04	\$26.04	
Rhode Island	Providence	CentralCity	Verizon	\$26.04	\$26.04	

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8 78	Urban (Central City / Suburban)	Rural (Non-MSA)
South Carolina	Arcadia Lakes	Suburb	BellSouth	\$24.18	\$24 18	
South Carolina	Calhoun Falls	Non-MSA	GTE	\$24 74		\$24 74
South Carolina	Columbia	CentralCity	BellSouth	\$24.18	\$24 18	
South Carolina	Greenville	CentralCity	BellSouth	\$24.18	\$24 18	
South Carolina	Norris	Suburb	BellSouth	\$22 83	\$22 83	
South Carolina	Springfield	Non-MSA	BellSouth	\$21 48		\$21 48
South Carolina	Sumter	CentralCity	GTE	\$24.74	\$24 74	
South Dakota	Chamberlain	Non-MSA	Qwest	\$24.53		\$24 53
South Dakota	Hill City	Suburb	Qwest	\$26 53	\$26 53	
South Dakota	Kranzburg	Non-MSA	Qwest	\$25 33		\$25 33
South Dakota	Madison	Non-MSA	Qwest	\$25 33		\$25 33
South Dakota	Rapid City	CentralCity	Qwest	\$26 53	\$26 53	
South Dakota	Sioux Falls	CentralCity	Qwest	\$27 03	\$27 03	
South Dakota	Tea	Suburb	Qwest	\$27 03	\$27 03	
Tennessee	Cumberland Gap	Non-MSA	BellSouth	\$18 03		\$18.03
Tennessee	Dover	Non-MSA	BellSouth	\$17 08		\$17 08
Tennessee	Humboldt	Suburb	BellSouth	\$18 03	\$18 03	
Tennessee	Jackson	CentralCity	BellSouth	\$18.58	\$18 58	
Tennessee	Memphis	CentralCity	BellSouth	\$21 68	\$21.68	
Tennessee	Piperton	Suburb	BellSouth	\$21.68	\$21.68	
Texas	Bruceville-Eddy	Suburb	Southwestern Bell	\$17 88	\$17 88	
Texas	El Lago	Suburb	Southwestern Bell	\$19 83	\$19 83	
Texas	Galveston	CentralCity	Southwestern Bell	\$17.88	\$17.88	
Texas	Houston	CentralCity	Southwestern Bell	\$19.83	\$19.83	
Texas	Jamaica Beach	Suburb	Southwestern Bell	\$17.88	\$17.88	
Texas	Victoria	CentralCity	Southwestern Bell	\$17 58	\$17.58	
Texas	Waco	CentralCity	Southwestern Bell	\$17.88	\$17.88	
Texas	Winters	Non-MSA	GTE	\$15.88		\$15 88

Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate + \$8 78	Urban (Central City / Suburban)	Rural (Non-MSA)
Utah	Bountiful	Suburb	Qwest	\$19 81	\$19 81	
Utah	Provo	CentralCity	Qwest	\$19 81	\$19 81	
Utah	River Heights	Non-MSA	Qwest	\$19.81		\$19 81
Utah	Salina	Non-MSA	Qwest	\$19.81		\$19 81
Utah	Salt Lake City	CentralCity	Qwest	\$19 81	\$19.81	
Utah	Springville	Suburb	Qwest	\$19.81	\$19.81	
Vermont	Burlington	CentralCity	Verizon	\$33 33	\$33 33	
Vermont	Jeffersonville	Non-MSA	Verizon	\$33.33		\$33.33
Vermont	Newport	Non-MSA	Verizon	\$33.33		\$33 33
Vermont	South Burlington	Suburb	Verizon	\$33.33	\$33 33	
Virginia	Buchanan	Suburb	Bell Atlantic	\$21.42	\$21 42	
Virginia	Hampton	Suburb	Bell Atlantic	\$23 08	\$23 08	
Virginia	Lynchburg	CentralCity	Bell Atlantic	\$21 42	\$21 42	
Virginia	Melfa	Non-MSA	Bell Atlantic	\$20 69		\$20 69
Virginia	Radford	Non-MSA	Bell Atlantic	\$21 42		\$21 42
Virginia	Roanoke	CentralCity	Bell Atlantic	\$22 37	\$22 37	
Virginia	Virginia Beach	CentralCity	Bell Atlantic	\$23.08	\$23.08	
Washington	Bainbridge Island	Suburb	Qwest	\$21 28	\$21 28	
Washington	Bellingham	CentralCity	Qwest	\$21.28	\$21 28	
Washington	Bremerton	CentralCity	Qwest	\$21.28	\$21 28	
Washington	Kenmore	Suburb	GTE	\$22 03	\$22 03	
Washington	Seattle	CentralCity	Qwest	\$21.28	\$21.28	
Washington	Tekoa	Non-MSA	GTE	\$20.62		\$20.62
Washington	Warden	Non-MSA	Qwest	\$21.28		\$21 28
West Virginia	Huntington	CentralCity	Verizon	\$23.78	\$23 78	
West Virginia	Milton	Suburb	Verizon	\$23.78	\$23 78	
West Virginia	Moundsville	Suburb	Verizon	\$23.78	\$23.78	
West Virginia	Parkersburg	CentralCity	Verizon	\$23.78	\$23.78	
West Virginia	Shinnston	Non-MSA	Verizon	\$23 78		\$23 78
West Virginia	Terra Alta	Non-MSA	Verizon	\$23.78		\$23.78
West Virginia	Vienna	Suburb	Verizon	\$23.78	\$23 78	
West Virginia	Wheeling	CentralCity	Verizon	\$23.78	\$23 78	

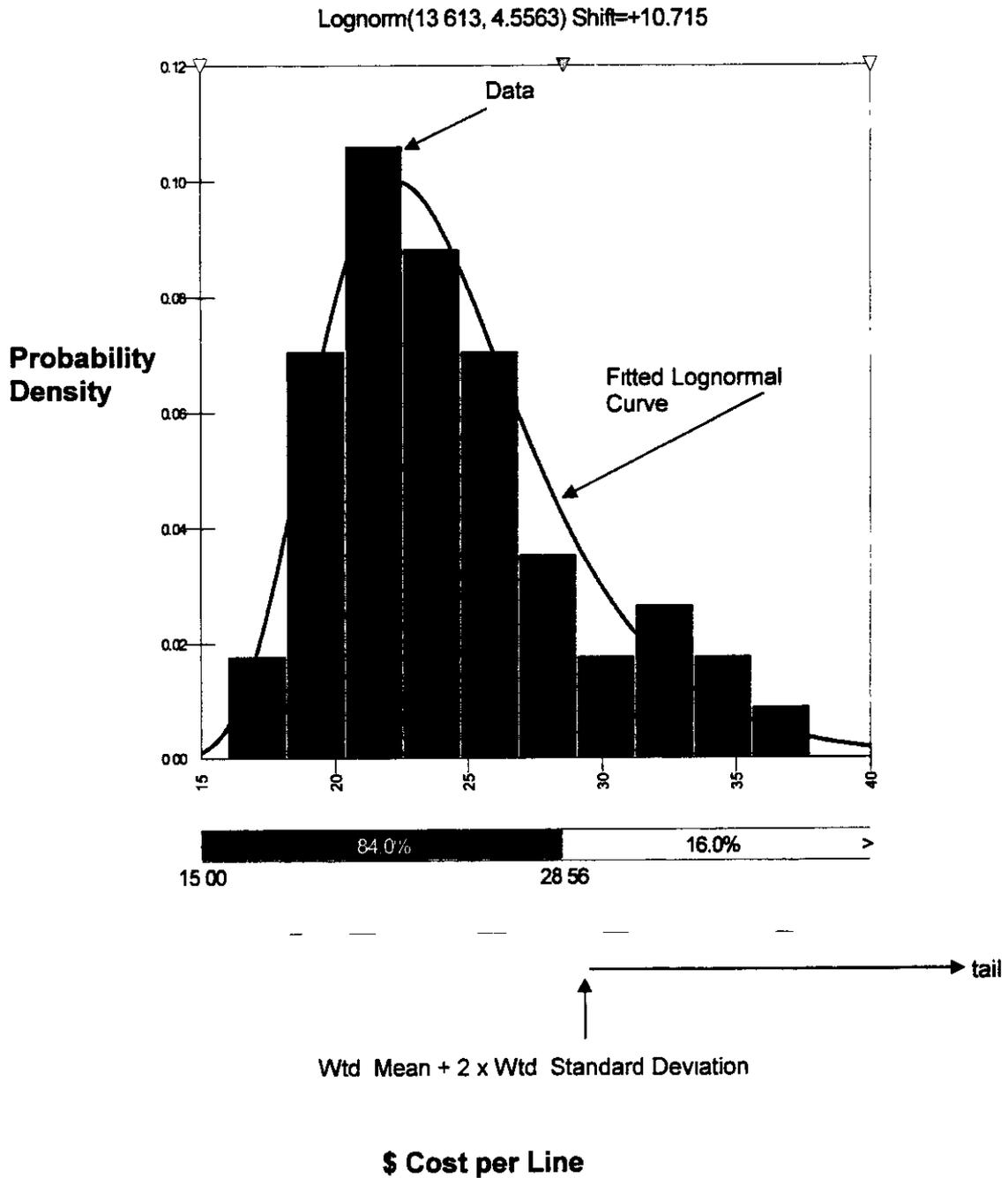
Adjusted GAO Report Data*

State	Place name	Type of place	Non-Rural ILEC	Residential Rate • \$8 78	Urban (Central City / Suburban)	Rural (Non-MSA)
Wisconsin	Brokaw	Suburb	GTE	\$27.03	\$27.03	
Wisconsin	Footville	Suburb	GTE	\$28.26	\$28.26	
Wisconsin	Genoa	Non-MSA	Ameritech	\$19.45		\$19.45
Wisconsin	Janesville	CentralCity	Ameritech	\$19.45	\$19.45	
Wisconsin	Madison	CentralCity	Ameritech	\$19.45	\$19.45	
Wisconsin	Stoughton	Suburb	GTE	\$19.45	\$19.45	
Wisconsin	Wausau	CentralCity	GTE	\$27.03	\$27.03	
Wyoming	Casper	CentralCity	Qwest	\$31.88	\$31.88	
Wyoming	Cheyenne	CentralCity	Qwest	\$31.88	\$31.88	
Wyoming	Evansville	Suburb	Qwest	\$31.88	\$31.88	
Wyoming	Gillette	Non-MSA	Qwest	\$31.88		\$31.88
Wyoming	Hudson	Non-MSA	Qwest	\$57.38		\$57.38

APPENDIX D

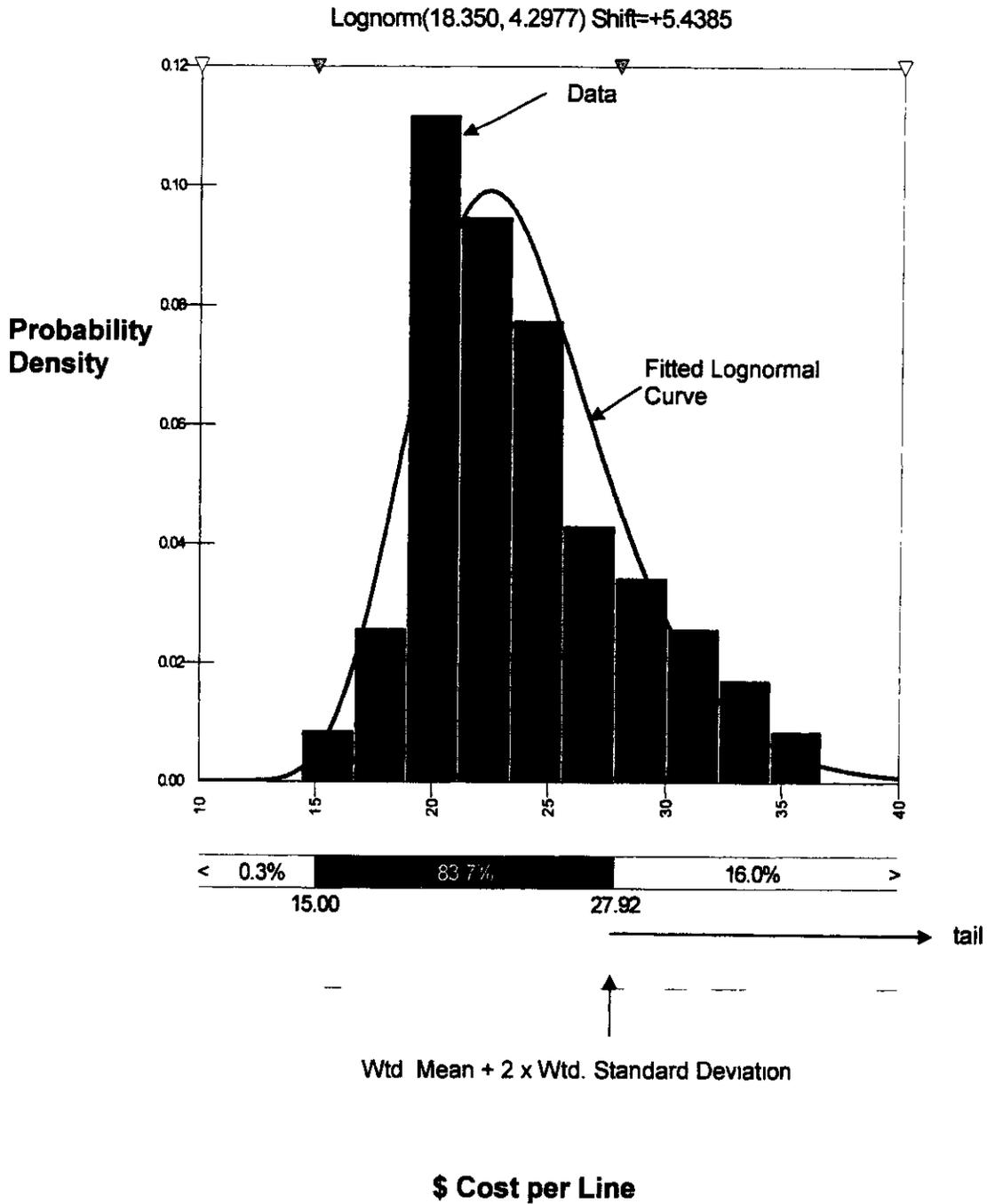
Dispersion of Statewide Average Costs Per Line

Statewide Cost/Line Model Run Data for Year 2001



State cost per line model run data graphed as a histogram with the horizontal axis cost per line and the vertical axis frequency

Statewide Cost/Line Model Run Data for Year 2002

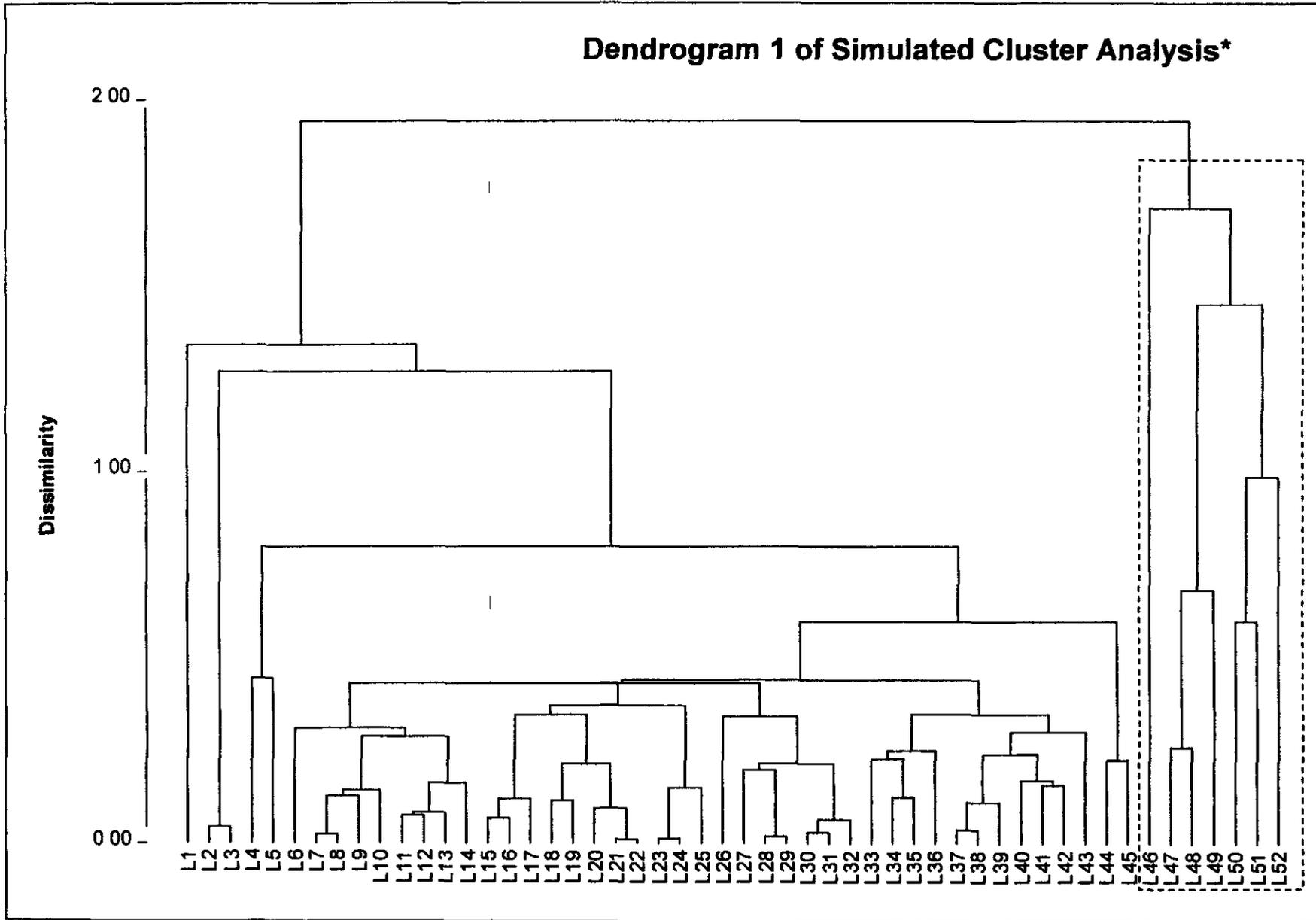


State cost per line model run data graphed as a histogram with the horizontal axis cost per line and the vertical axis frequency

APPENDIX E

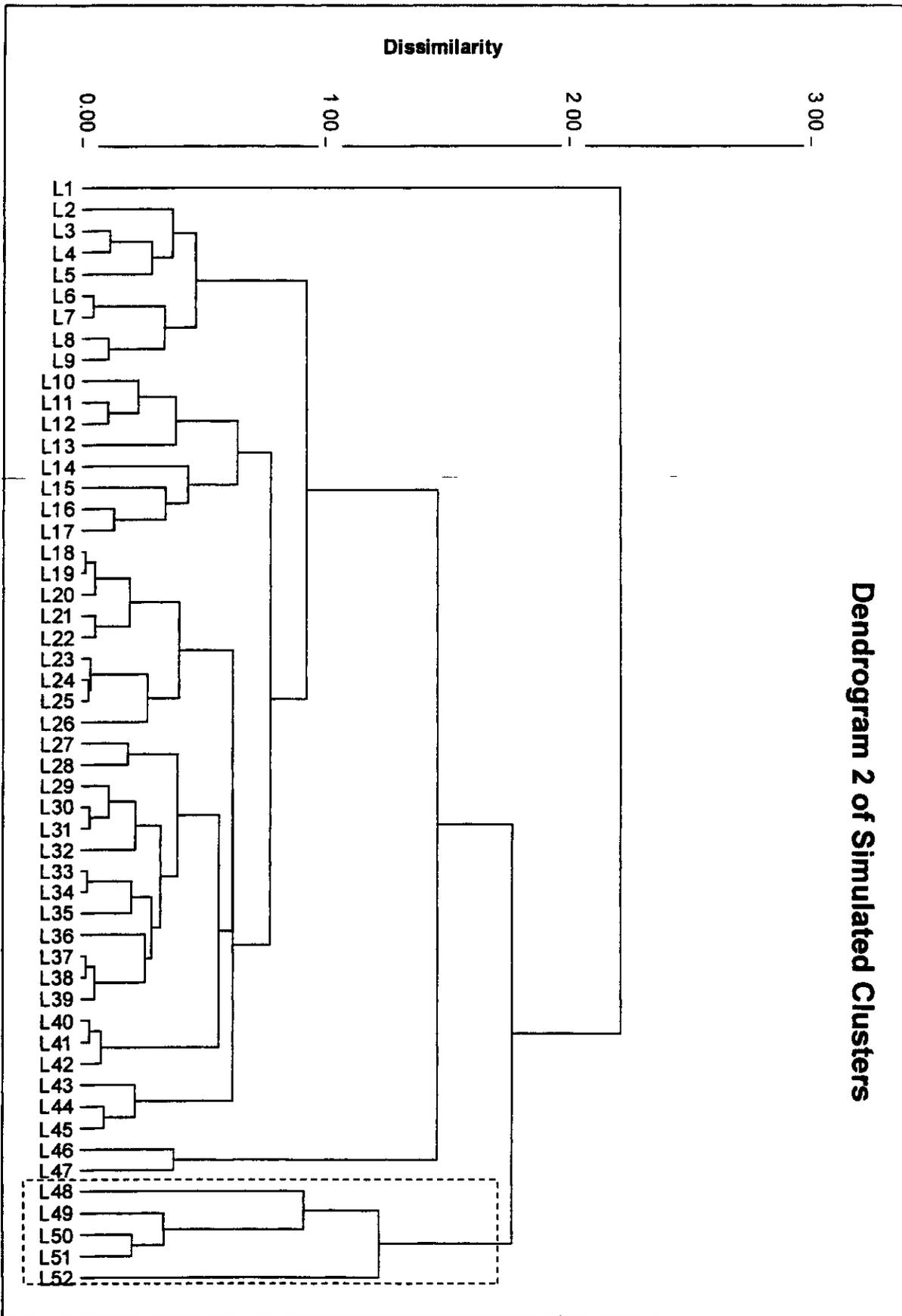
Cluster Analysis Based on Simulated Statewide Average Cost Per Line Data

Dendrogram 1 of Simulated Cluster Analysis*

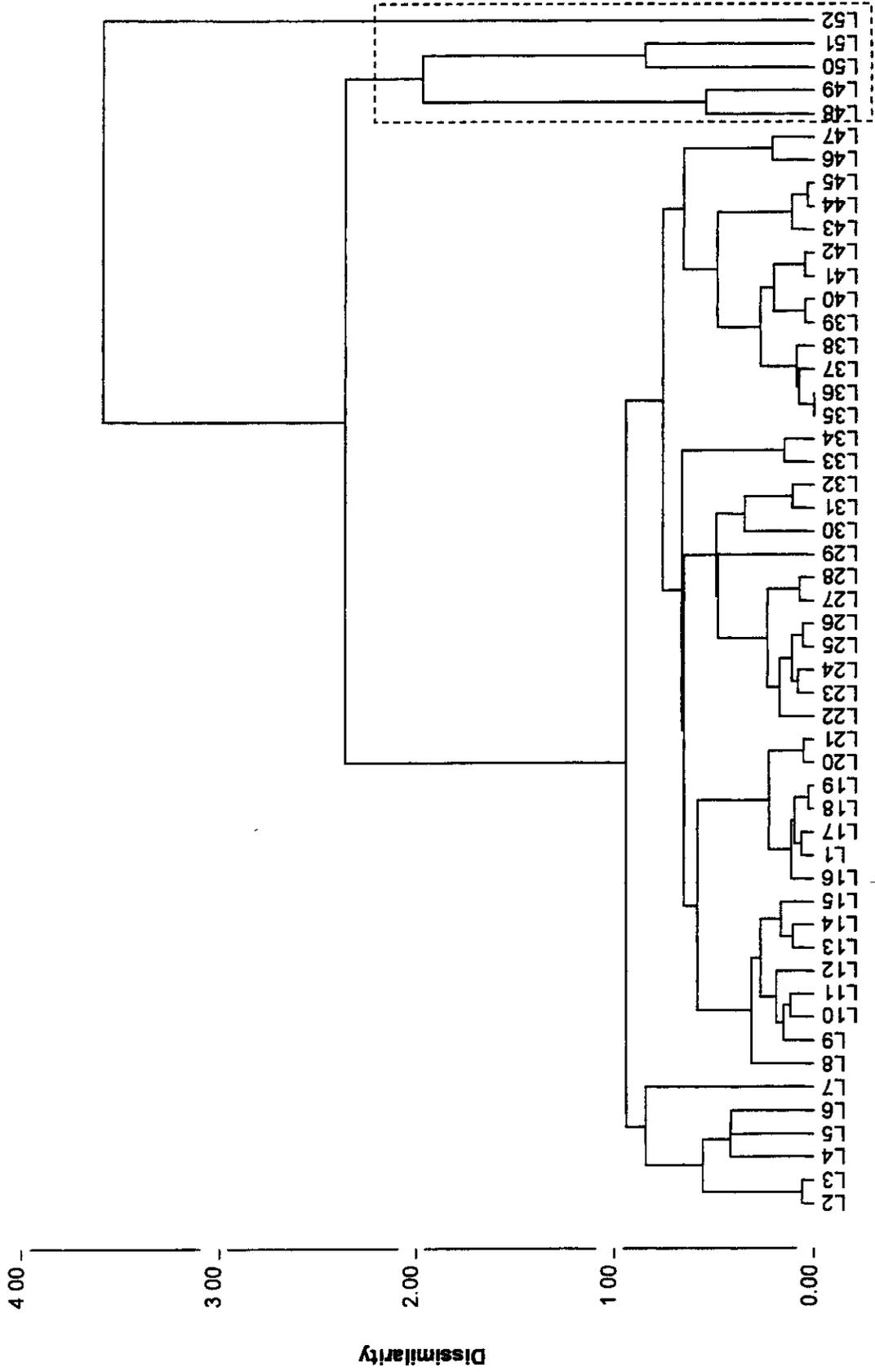


*Each chart reflects a cluster analysis of simulated cost data. A random number generator was applied to the fitted lognormal curve to simulate ten data sets of 52 cost data points (L1 to L52) representing 52 jurisdictions. See *Supra*, note 251 and accompanying text.

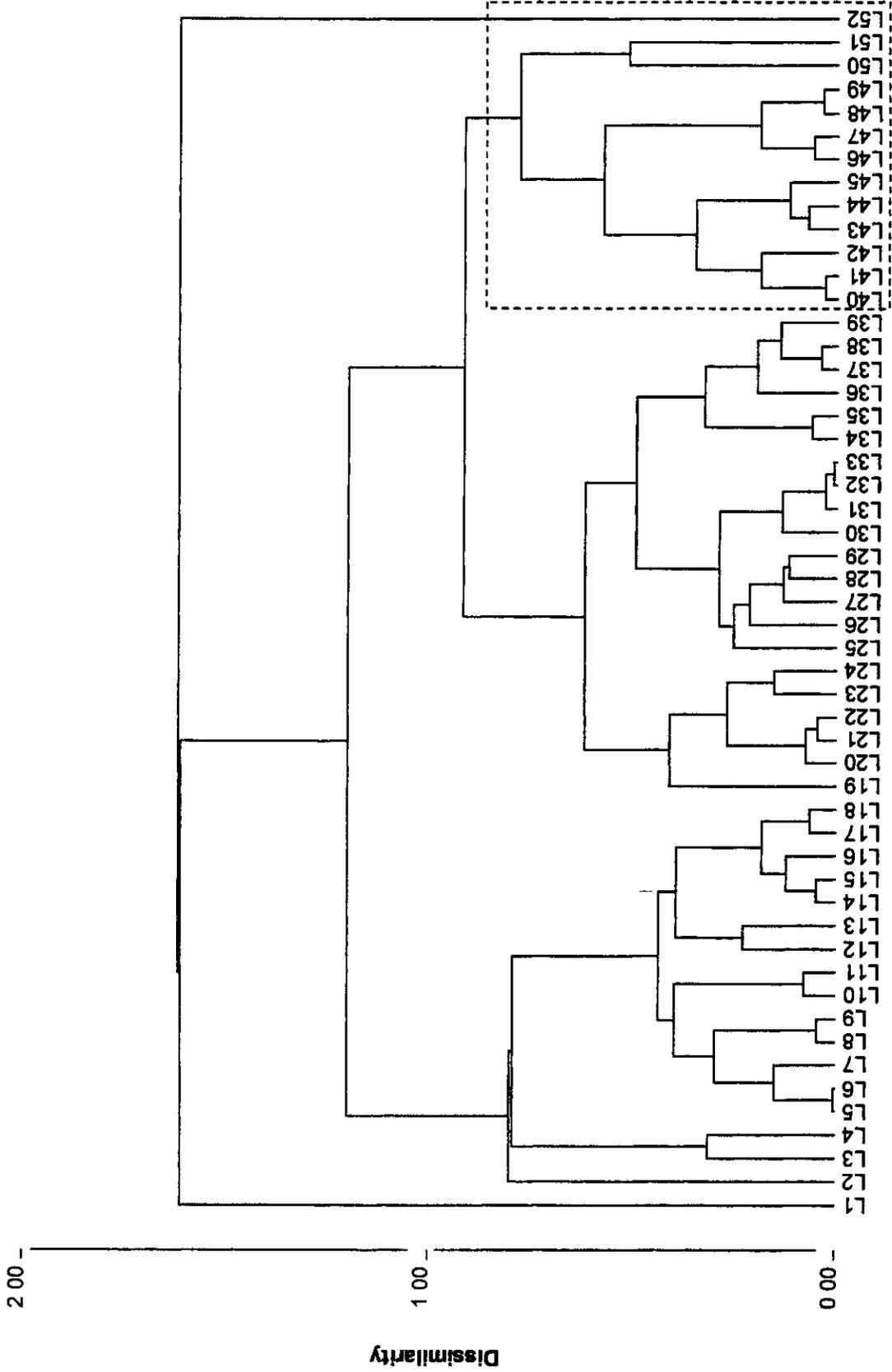
Dendrogram 2 of Simulated Clusters



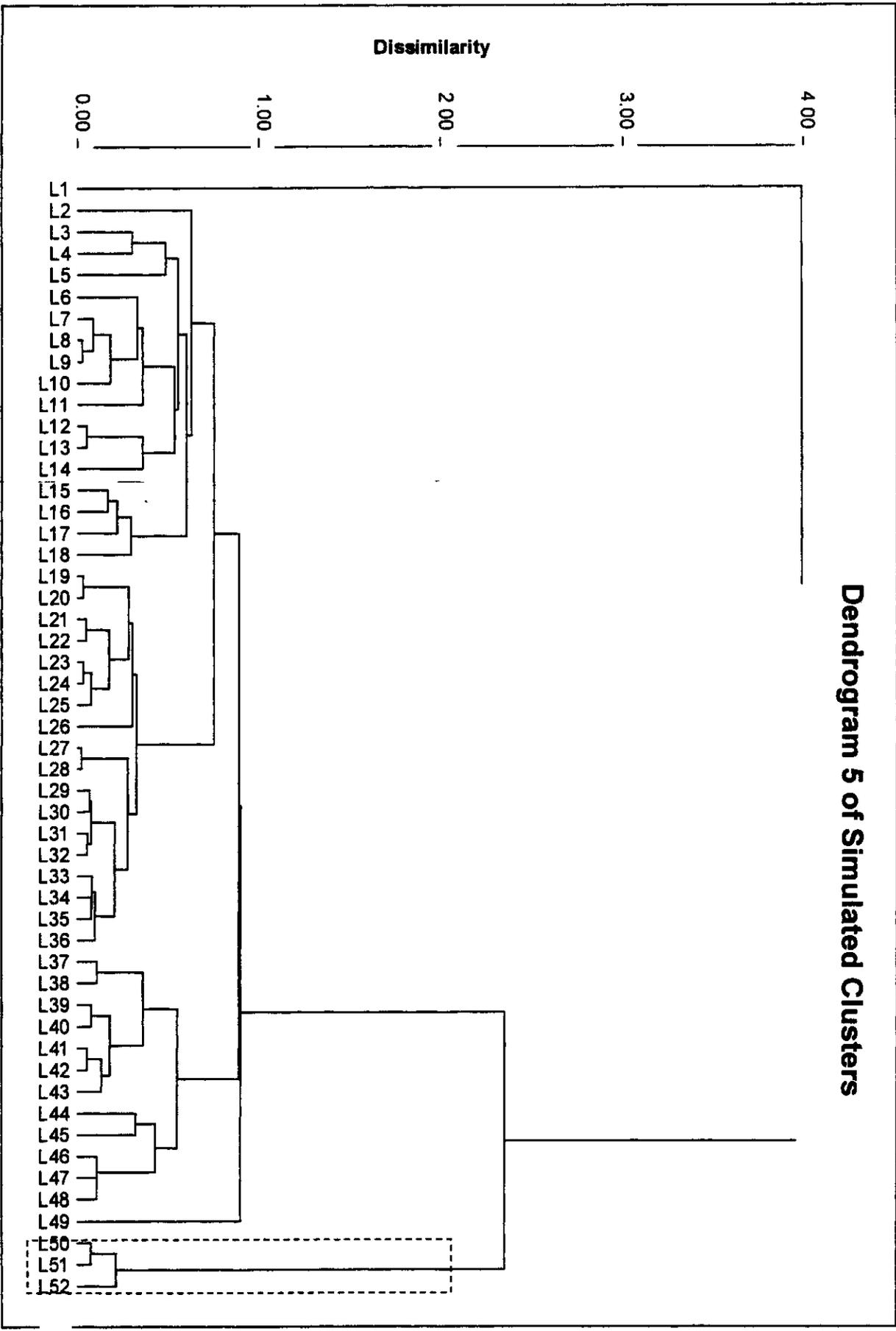
Dendrogram 3 of Simulated Clusters



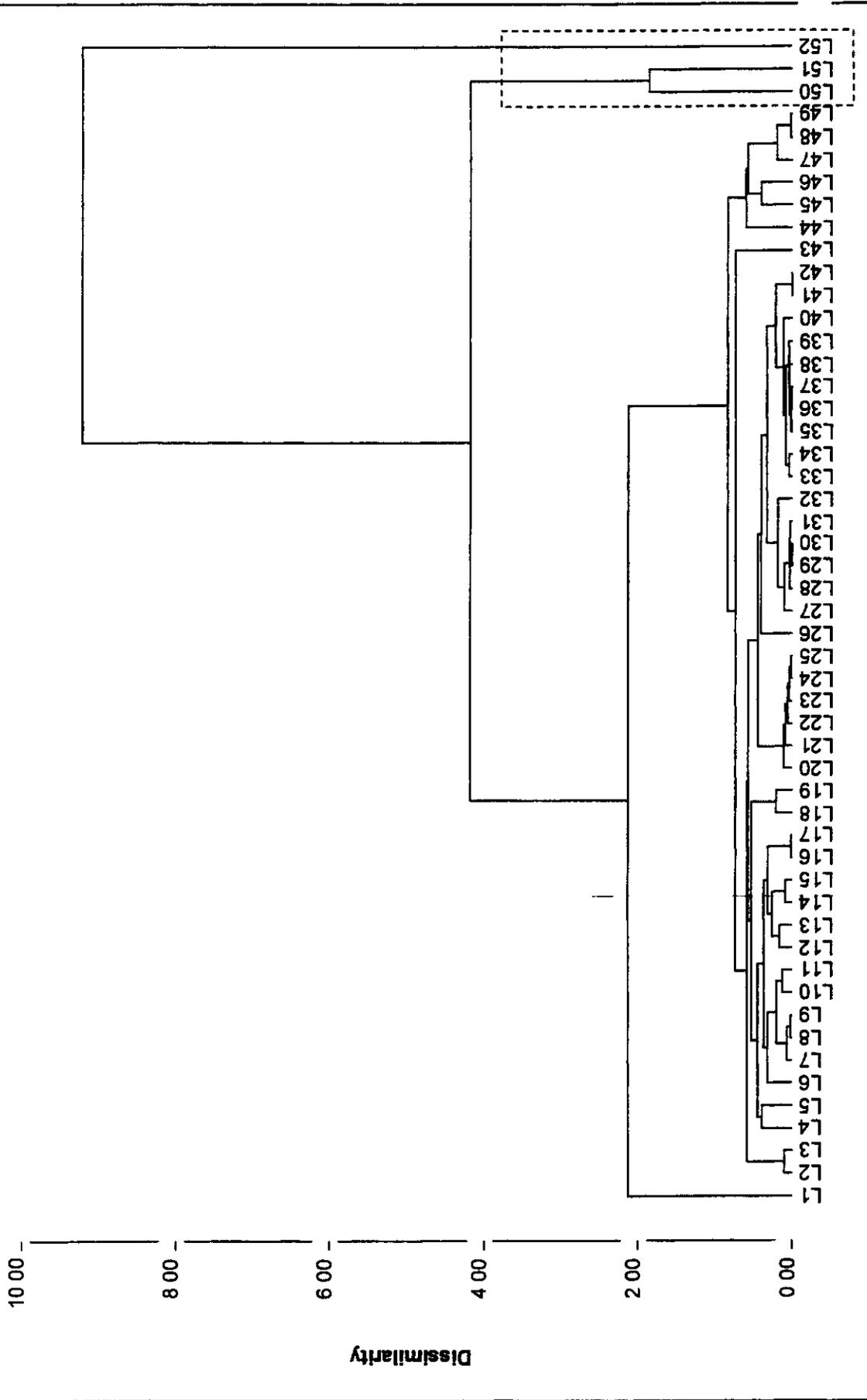
Dendrogram 4 of Simulated Clusters



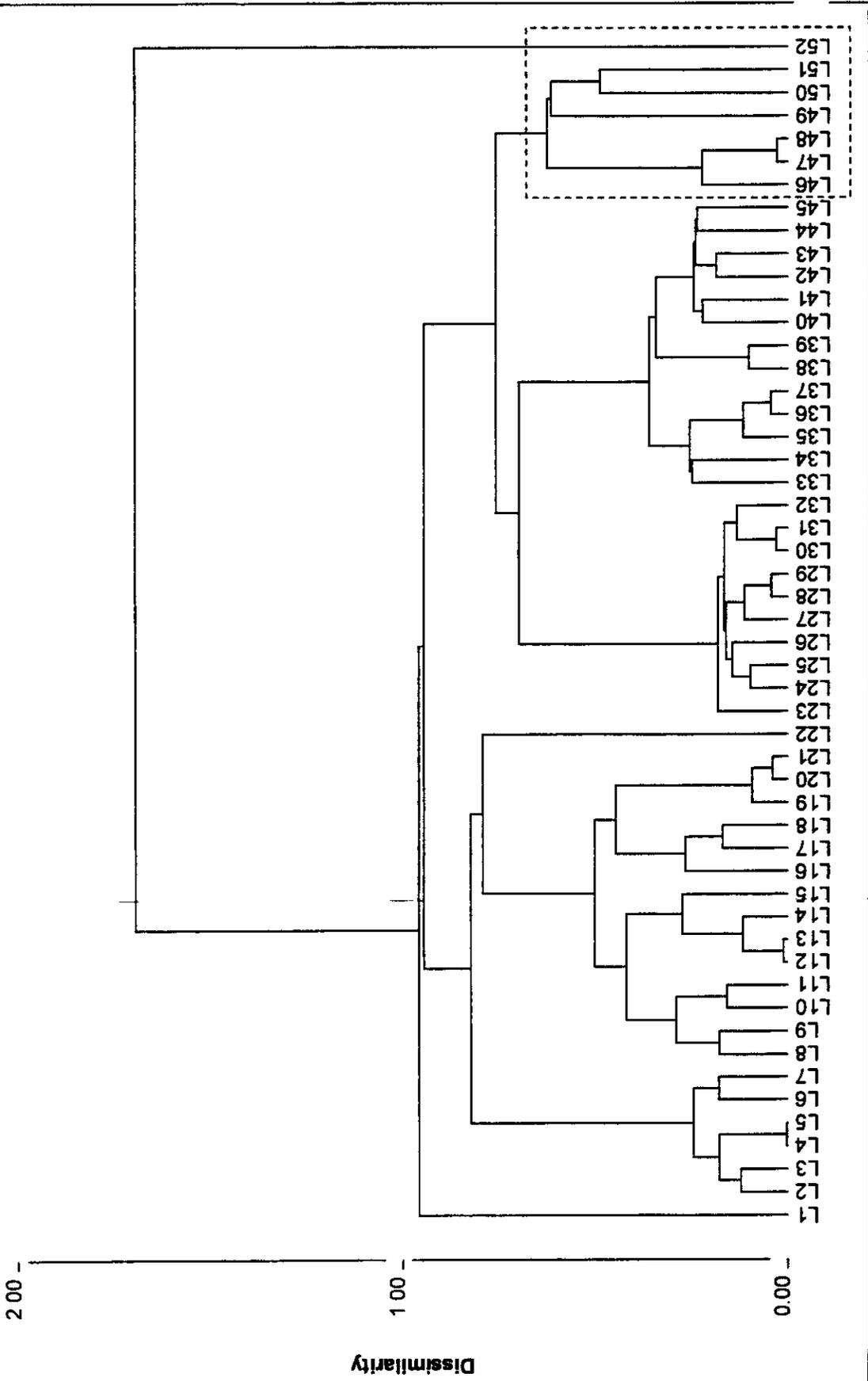
Dendrogram 5 of Simulated Clusters



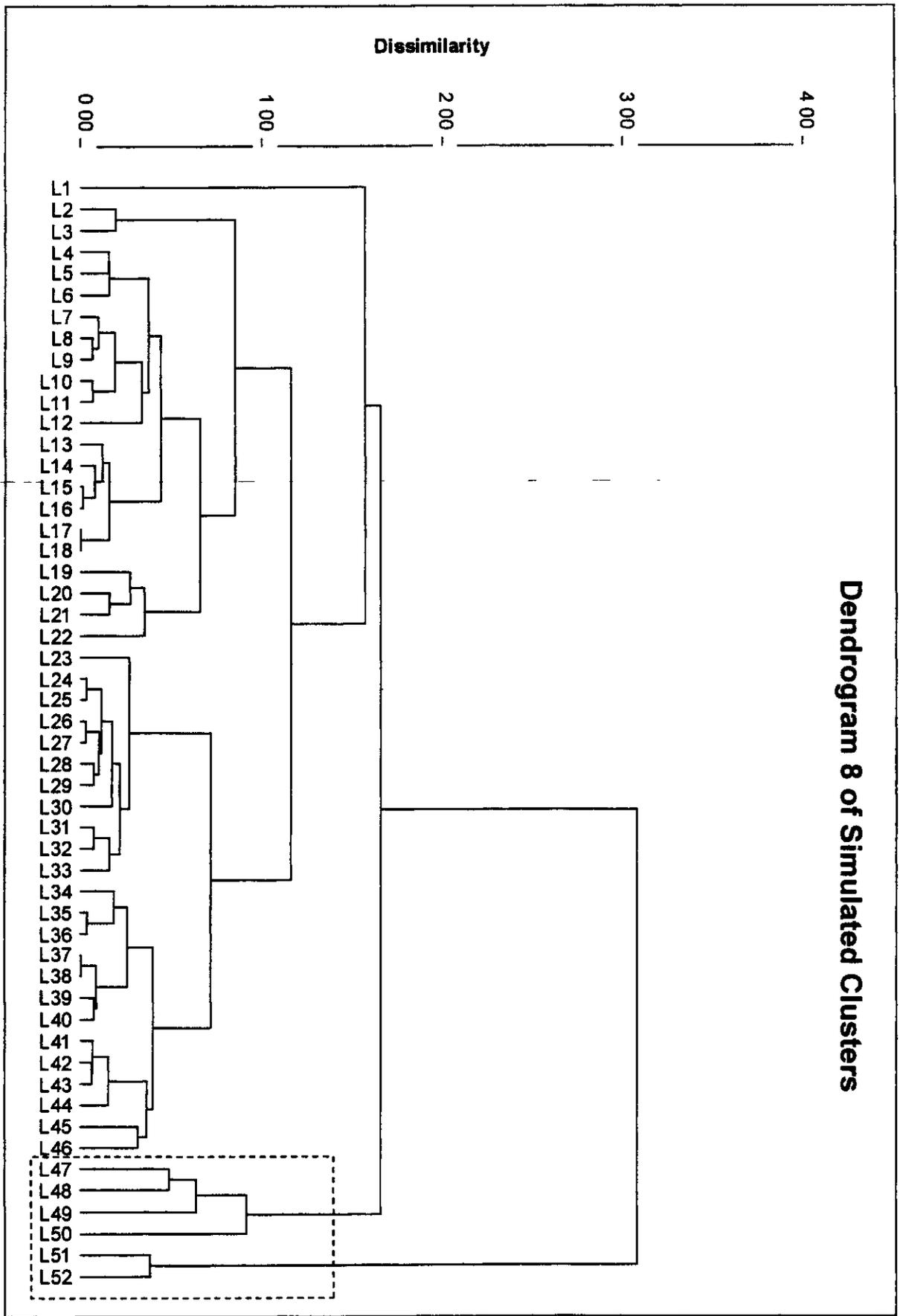
Dendrogram 6 of Simulated Clusters



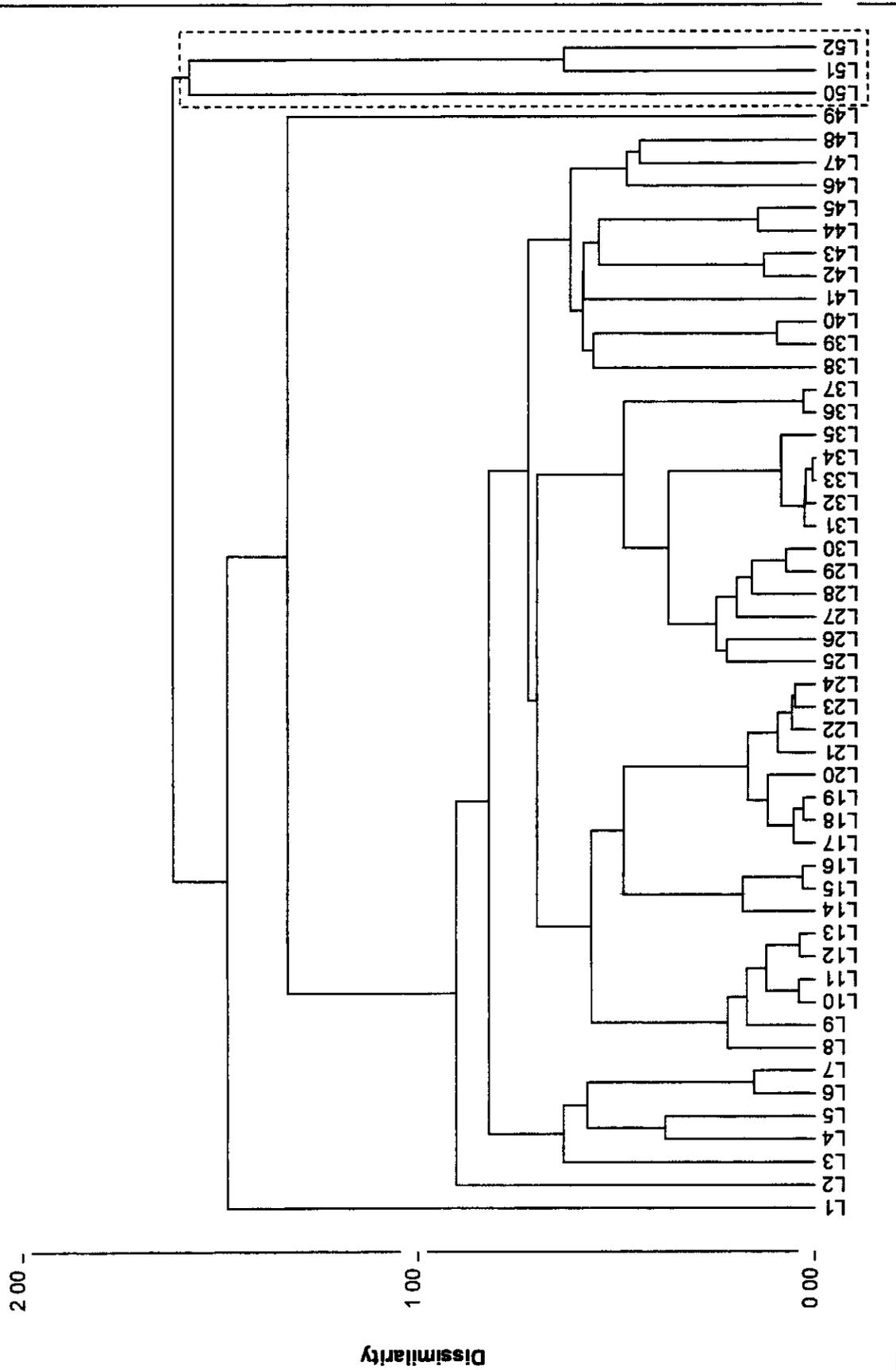
Dendrogram 7 of Simulated Clusters



Dendrogram 8 of Simulated Clusters



Dendrogram 9 of Simulated Clusters



Dendrogram 10 of Simulated Clusters

