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June 15, 2011

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20534

FILED/ACCEPTED

JUN 15 2011

Federal Communications Commission
Office of the Secretary

Lynne Hewitt Engledow
Pricing Policy Division
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20534

Re: CC Docket No. 01-92; GN Docket No. 09-51; WC Docket Nos. 05-337, 07-135, 10-90;
Data Related to Universal Service and Intercarrier Compensation Reform

Dear Ms. Dortch and Ms. Hewitt Engledow:

The attached response of the National Exchange Carrier Association (NECA) further supplements NECA's data responses of May 25, 2011, May 11, 2011 and April 6, 2011 in the above captioned proceedings and is being filed pursuant to the Protective Order.¹ In accordance with the Protective Order, this information has been marked:

REDACTED – FOR PUBLIC INSPECTION

Enclosures

CC: Sharon E. Gillett – Chief, WCB

¹ *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *et. al.*, Protective Order, 25 FCC Rcd 13160 (2010).

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Re: CC Docket No. 01-92; GN Docket No. 09-51; WC Docket Nos. 05-337,
07-135, 10-90; Data Related to Universal Service and Intercarrier
Compensation Reform

Dear Ms. Dortch and Ms. Hewitt Engledow:

Enclosed please find the response of the National Exchange Carrier Association, Inc. (NECA) to a request for data quantifying the impact of extending the corporate operations expense limitation, currently in place for high cost loop (HCL) support, to local switching support (LSS) and interstate common line support (ICLS). The response is based on information supplied by NECA to the Universal Service Administrative Company (USAC) and is contained on a CD-Rom accompanying this letter. NECA is filing this information as a supplement to its previous data filings of May 25, 2011, May 11, 2011 and April 6, 2011 in the above captioned proceedings (collectively, "*NECA's data filings*"). *NECA's data filings* are being filed pursuant to the Protective Order issued in this proceeding.¹

NECA's data filings were compiled from data received in the normal course of business, as well as data obtained through voluntary data requests. In addition, Universal Service data was

¹ *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *et. al.*, Protective Order, 25 FCC Rcd 13160 (2010).

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obtained from the High Cost Disbursement tool available on the Universal Service Administrative Company (USAC) website. The data used for access tariff administration is complete, reliable, and available for all pool members; however, in some instances the Commission has requested data at a more granular level than what NECA collects for access tariff development and pooling settlements. Data from voluntary data requests may not be available for all years requested and is available only for the companies that responded to the voluntary surveys. This voluntary data is included pursuant to the Commission's request but has not been fully verified and may not be completely reliable. A template of the data contained on the CD-Rom is provided in Attachment 1 for LSS and Attachment 2 for ICLS.

NECA seeks confidential treatment of the information provided on the CD-Roms comprising *NECA's data filings* under the Protective Order. Notwithstanding the Protective Order, the information provided on the CD-Rom is entitled to confidential, non-public treatment under the Freedom of Information Act (FOIA) and related provisions of the Commission's rules.² The information satisfies the requirement of FOIA Exemption 4 (trade secrets or commercial/financial information).

NECA submits the following information pursuant to section 0.459 in support of its request for confidential treatment of the data on the CD-Roms comprising *NECA's data filings*.

- Identification of the specific information for which confidential treatment is sought:

NECA seeks confidential treatment for the information on the CD-Rom, which contains confidential and proprietary information related to inter- and intrastate intercarrier compensation revenues, expenses, line counts, usage patterns, other regulated and non-regulated revenues, and long-term debt of NECA pool members.

- Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

This information was submitted in response to a Wireline Competition Bureau request in connection with CC Docket No. 01-92, GN Docket No. 09-51, WC Docket Nos. 05-337, 07-135, and 10-90.

- Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

² 47 C.F.R. §§ 0.457 and 0.459; 5 U.S.C. § 552, et. seq. Section 0.457(d)(iii) specifically identifies information submitted in connection with audits, investigations, and examination of records pursuant to 47 U.S.C. 220 as material that has been accepted by the Commission on a confidential basis pursuant to 5 U.S.C. 552(b)(4).

The information on the CD-Rom contains sensitive study area specific information provided by pool members to NECA in its capacity as interstate access tariff and pool administrator. At the study area level, the information is granular and highly confidential to the reporting pool members.

The information provided also includes supplemental items beyond the scope of interstate access administration, including items concerning non-regulated lines of business, that were provided to NECA in conjunction with data requests under the understanding that such information would be kept confidential.

The interstate access and supplemental data is treated as a confidential trade secret by pool members. NECA would not agree to submit the data in response to the Commission staff's request without assurances that the information will be kept confidential. It would be highly inappropriate for the data to be disclosed to the public or third parties.

- Explanation of the degree to which the information concerns a service that is subject to competition:

Rural telephone service has historically lent itself to "cherry picking" by competitors that choose to serve only the low cost areas within a study area. Detailed information about revenues and expenses may help prospective competitors to gain insight to incumbent LEC (ILEC) market strategies and gain competitive advantage. In addition, data on non-regulated services (e.g., video, Internet, etc.) is highly sensitive and commercially valuable. Public disclosure would harm the respondent's competitive position.

- Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The information provided in the attached CD-Rom is made available only to NECA representatives on a need to know basis. Any public information is only made available on an aggregate basis.

- Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The information in the Excel spreadsheet on the CD-Rom is not publicly available.

- Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

NECA requests that all of the data provided on the CD-Rom be treated as confidential indefinitely. Because of the sensitive nature of the data, it would not be appropriate for public disclosure at any time in the foreseeable future.

- Any other information that the party seeking confidential treatment believes may be useful in assessing whether its request for confidentiality should be granted:

By addressing the data request to NECA, the Commission avoided the burden of seeking out the data for 1100+ study areas. However, the Commission should take care to not deprive those ILECs of the opportunity to speak for themselves in the event of a FOIA request for access to data. NECA requests that the Commission notify carriers of any FOIA request and allow them to be given a reasonable opportunity to file detailed information supporting continued confidential treatment of their respective data.

Accordingly, NECA requests confidential treatment of the data provided on the attached CD Rom pursuant to section 0.457 and 0.459 of the Commission's rules and paragraph 4 of the Protective Order. Pursuant to the Protective Order, NECA has marked the Excel spreadsheet on the CD-Rom and each page of the non-redacted version of this filing as follows:

**CONFIDENTIAL INFORMATION (ADDITIONAL COPYING PROHIBITED) -
SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET
NOS. 05-337, 07-135, 10-90, GN DOCKET NO. 09-51 BEFORE THE FEDERAL
COMMUNICATIONS COMMISSION**

NECA has also complied with the requirement of the Protective Order for delivery of both the confidential and redacted copies of the filing.



Enclosures

CC: Sharon E. Gillett – Chief, WCB

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LOCAL SWITCHING SUPPORT CALCULATIONS
NECA TRAFFIC SENSITIVE POOL MEMBERS
COST COMPANIES

Filename: NECA 2009 LSS Trueup - Cost Co_FCC_Jun2011.xls

Tab	Summary Sheet	Total Account without Limit	Local Switching without limit	Total Account with limit	Local Switching with Limit
Column					
A	Exchange Carrier Study Area Code	Exchange Carrier Study Area Code	Exchange Carrier Study Area Code	Exchange Carrier Study Area Code	Exchange Carrier Study Area Code
B	Exchange Carrier Study Area Name	Exchange Carrier Study Area Name	Exchange Carrier Study Area Name	Exchange Carrier Study Area Name	Exchange Carrier Study Area Name
C	State	State	State	State	State
D	Data Period	Data Period	Data Period	Data Period	Data Period
E	Local Switching Support without Corporate Operations Expense Limitation	Tax Status	Tax Status	Tax Status	Tax Status
F	Local Switching Support with Corporate Operations Expense Limitation	Category 1.3 Loops	Category 1.3 Loops	Category 1.3 Loops	Category 1.3 Loops
G		1996 Interstate Unweighted DEM Factor			
H		1996 DEM Weighting Factor			
I		Account 2001	Account 2001	Account 2001	Account 2001
J		Account 2210	Account 2210	Account 2210	Account 2210
K		Account 2210 - Cat 3			
L		Account 2220	Account 2220	Account 2220	Account 2220
M		Account 2230	Account 2230	Account 2230	Account 2230
N		Total COE Equipment	Total COE Equipment	Total COE Equipment	Total COE Equipment
O		Account 2310	Account 2310	Account 2310	Account 2310
P		Account 2410	Account 2410	Account 2410	Account 2410
Q		Account 2110	Account 2210	Account 2110	Account 2210
R		Account 2680	Account 2680	Account 2680	Account 2680
S		Account 2690	Account 2690	Account 2690	Account 2690
T		Account 2002	Account 2002	Account 2002	Account 2002
U		Account 2003	Account 2003	Account 2003	Account 2003
V		Account 2005	Account 2005	Account 2005	Account 2005
W		Account 1402	Account 1402	Account 1402	Account 1402
X		Account 1220	Account 1220	Account 1220	Account 1220
Y		Cash Working Capital	Cash Working Capital	Cash Working Capital	Cash Working Capital
Z		Account 3100 - Switching			
AA		Account 3100 - Support Assets			
AB		Account 4100	Account 4100	Account 4100	Account 4100
AC		Account 4340	Account 4340	Account 4340	Account 4340
AD		Account 3400	Account 3400	Account 3400	Account 3400
AE		Account 3500	Account 3500	Account 3500	Account 3500
AF		Account 3600	Account 3600	Account 3600	Account 3600
AG		Account 6110	Account 6110	Account 6110	Account 6110
AH		Account 6120	Account 6120	Account 6120	Account 6120
AI		Account 6210	Account 6210	Account 6210	Account 6210
AJ		Account 6220	Account 6220	Account 6220	Account 6220
AK		Account 6230	Account 6230	Account 6230	Account 6230
AL		Account 6310	Account 6310	Account 6310	Account 6310
AM		Account 6410	Account 6410	Account 6410	Account 6410
AN		Account 6510	Account 6510	Account 6510	Account 6510
AO		Account 6530	Account 6530	Account 6530	Account 6530
AP		Account 6540	Account 6540	Account 6540	Account 6540

Filename: NECA 2009 LSS Trueup - Cost Co_FCC_Jun2011.xls

Tab	Summary Sheet	Total Account without Limit	Local Switching without limit	Total Account with limit	Local Switching with Limit
AQ		Account 6610	Account 6610	Account 6610	Account 6610
AR		Account 6620	Account 6620	Account 6620	Account 6620
AS		Account 6710	Account 6710	Account 6710	Account 6710
AT		Account 6720	Account 6720	Account 6720	Account 6720
AU		Account 7230	Account 7230	Account 7230	Account 7230
AV		Account 7240	Account 7240	Account 7240	Account 7240
AW		Account 7210	Account 7210	Account 7210	Account 7210
AX		Account 7250	Account 7250	Account 7250	Account 7250
AY		Account 6560 - Switching	Account 6560 - Switching	Account 6560 - Switching	Account 6560 - Switching
AZ		Account 6560 - Support	Account 6560 - Support	Account 6560 - Support	Account 6560 - Support
BA		Account 7370 - Contributions only	Account 7370 - Contributions only	Account 7370 - Contributions only	Account 7370 - Contributions only
BB		Account 7500	Account 7500	Account 7500	Account 7500
BC		Account 7340	Account 7340	Account 7340	Account 7340
BD		Account 1410	Account 1410	Account 1410	Account 1410
BE		Account 1500	Account 1500	Account 1500	Account 1500
BF		Account 4370	Account 4370	Account 4370	Account 4370
BG		Account 4040	Account 4040	Account 4040	Account 4040
BH		Account 4310	Account 4310	Account 4310	Account 4310
BI		Account 1438	Account 1438	Account 1438	Account 1438
BJ					
BK		Prior Period Average Net Investment	A Factor	Prior Period Average Net Investment	A Factor
BL		Corporate Operations Expense Amount with Limitation	B Factor	Corporate Operations Expense without Limitation	B Factor
BM			C Factor	Corporate Operations Expense with Limitation	C Factor
BN			D Factor		D Factor
BO			E Factor		E Factor
BP					
BQ			Current Period Average Net Investment		Current Period Average Net Investment
BR			Prior Period Average Net Investment		Prior Period Average Net Investment
BS			Average Net Investment		Average Net Investment
BT			Return on Investment		Return on Investment
BU			Federal Taxable Income		Federal Taxable Income
BV			Federal Income Tax Requirement		Federal Income Tax Requirement
BW			Expenses and Other Taxes		Expenses and Other Taxes
BX			Local Switching Revenue Requirement		Local Switching Revenue Requirement
BY			Local Switching Support		Local Switching Support
BZ					
CA					
CB			Weighted DEM Factor		Weighted DEM Factor

INTERSTATE COMMON LINE SUPPORT TRUEUP DATA
 NECA COMMON LINE POOL MEMBERS
 COST COMPANIES

Filename: NECA 2009 ICLS Trueup - Cost Co_FCC_June2011.xls

Tab	Summary	ICLS True Up Data
Column		
A	Exchange Carrier Study Area Code	Exchange Carrier Study Area Code
B	Exchange Carrier Study Area Name	Exchange Carrier Study Area Name
C	State	State
D	Data Period	Data Period
E	Interstate Common Line Support (ICLS) without Corporate Operations Expense Limitation	Common Line Revenue Requirement
F	Interstate Common Line Support (ICLS) with Corporate Operations Expense Limitation	Subscriber Line Charge Revenues
G		Special Access Surcharge Revenues
H		Line Port Costs in excess of Basic Analog Service
I		Long-Term Support (LTS)
J		Interstate Common Line Support (ICLS) without Corporate Operations Expense Limitation**
K		
L		Total Company Corporate Operations Expense ¹
M		Common Line Corporate Operations Expense
N		Total Company Corporate Operations Expense with Limitation ¹
O		Common Line Corporate Operations Expense with Limitation
P		DIFF
Q		
R		Interstate Common Line Support (ICLS) with Corporate Operations Expense Limitation

**For information purposes only - Calculated by USAC

Notes:

¹ Taken from USF May 2011 latest view data.