

September 29, 2011

VIA ECFS

Marlene H. Dortch, Esquire  
Secretary  
Federal Communications Commission  
The Portals  
445-12th Street, S.W.  
Washington, D.C. 20554

Re: Cox Georgia Telcom, LLC, Petition for Approval of Redefinition of the Service Area of Windstream Georgia, L.L.C. in the State of Georgia, WC Docket No. 09-197

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Dear Ms. Dortch:

Cox Georgia Telcom, LLC (“Cox”), by its attorneys and in response to the request of the staff, submits this supplement to the Petition for Approval of Redefinition of the Service Area of Windstream Georgia, L.L.C. in the State of Georgia it filed on July 6, 2011 in WC Docket No. 09-197 (the “Petition”). Cox filed the Petition to secure the Commission’s concurrence with the decision of the Georgia Public Service Commission (“GPSC”) to redefine the service area of Windstream Georgia, L.L.C. (“Windstream”), a rural incumbent local exchange carrier (“ILEC”) doing business in Georgia, so that Windstream’s Centerville wire center constitutes a separate service area. Cox provides service in Windstream’s Centerville wire center over its wireline network and was granted eligible telecommunications carrier (“ETC”) status there by the GPSC pursuant to Section 214(e)(2) of the Communications Act of 1934, as amended (the “Act”). Cox’s ETC designation will take effect upon Commission concurrence with the service area redefinition.

During the state proceeding, Windstream contacted the GPSC to indicate that it did not object to the service area redefinition sought by Cox.<sup>1</sup> As the Commission is aware, Windstream also did not object to the redefinition during the comment period in this proceeding.

The Commission staff requested additional information concerning the population density of the wire centers served by Windstream. In the course of obtaining that information, Cox also obtained data concerning Windstream’s annual cost per loop in its Georgia study area. Through this supplement, Cox is providing both the population density and cost per loop data to the Commission.

Attached hereto as Exhibit A is a chart providing Windstream’s annual cost per loop in the Centerville wire center – which Cox proposes to serve as an ETC – and in those Windstream wire centers in which Cox does not seek an ETC designation. This information was provided by Windstream to the GPSC and to USAC in connection with Windstream’s disaggregation plan. The loop costs confirm that classifying Windstream’s Centerville wire center as a separate

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<sup>1</sup> See Petition at 3, n.11.

service area will foster federal and state goals of encouraging competition in the telecommunications marketplace and extending universal service to rural Georgia's consumers while avoiding any potential for creamskimming.

In its ETC Report and Order, the Commission adopted a creamskimming analysis to ensure that the support a competitive ETC receives is reflective of the incumbent LEC's costs to serve the relevant wire centers.<sup>2</sup> Of course, data regarding the costs an incumbent LEC incurs to serve each of its wire centers often is not available. The Commission therefore adopted a test that compared the population density of the LEC's wire centers the applicant proposed to serve to those it did not. This test uses population density as a proxy for the incumbent's actual costs, based on the Commission's belief that "[b]ecause line density is a significant cost driver, it is reasonable to assume that the highest-density wire centers are the least costly to serve, on a per-subscriber basis."<sup>3</sup> The Commission noted that disaggregation could not alleviate creamskimming concerns in situations where the incumbent's service area included wire centers with "highly disparate cost characteristics."<sup>4</sup>

In this case, precise details regarding Windstream's annual per-loop costs, on a wire center-by-wire center basis, are available. As part of its state USF disaggregation filing, Windstream, then known as Alltel, provided detailed cost data, including its annual per-loop cost, for all the wire centers in its study area. Rather than rely on population density data to provide a rough proxy for the incumbent's costs, here the Commission can consider the figures themselves.

The Windstream data demonstrates that the instant request does not present a creamskimming concern. As noted in the Petition, Windstream has disaggregated its high cost support into three disaggregation zones.<sup>5</sup> These zones are based on Windstream's actual costs of serving each wire center. Centerville and five other wire centers make up the lowest cost disaggregation zone, Zone 1, and Windstream's costs of serving Centerville are consistent with the cost of serving Zone 1 as a whole. In other words, because the wire centers in Zone 1 do not demonstrate "highly disparate cost characteristics," Windstream's disaggregation successfully has alleviated the potential for creamskimming.

Specifically, Windstream indicated an annual per-loop cost in Centerville of \$306.05, while the aggregate per-loop cost of Zone 1 was \$358.87, a ratio of approximately 1:1.17. Not only is this ratio significantly smaller than population density ratios the Commission has approved in the past,<sup>6</sup> here the ratio reflects actual costs involved rather than population density,

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<sup>2</sup> Federal-State Joint Board on Universal Service, *Report and Order*, 20 FCC Rcd 6371, 6392-95 (2005) ("ETC Report and Order").

<sup>3</sup> *Id.* at 6392-93.

<sup>4</sup> *Id.* at 6394.

<sup>5</sup> At the time Cox filed the Petition, the disaggregation map on USAC's web site indicated that the Centerville wire center was the only wire center in its disaggregation zone. See Petition at 9, n.35. Since the Petition was filed, USAC has provided a new map for Windstream's study area, indicating that the Centerville wire center is one of six wire centers in disaggregation zone one. See Disaggregation Map For Study Area 220357, available at <http://www.usac.org/hc/tools/disaggregation-maps/default.aspx>.

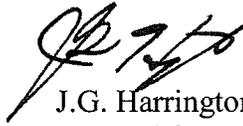
<sup>6</sup> For example, in 2005 the FCC concurred with a redefinition proposal by the Kansas Corporation Commission that included ETC service areas with population density differentials of 1.43:1 (South Central Telephone) and 1.40:1 (United Telephone Association). See Public Notice, *Wireline Competition Bureau Seeks*

which at best only approximates the service costs involved. Indeed, as demonstrated by Exhibit B, attached hereto, the service costs in the Windstream wire centers do not necessarily vary in proportion to their population densities.

As noted above, during the state proceeding Windstream indicated that it did not oppose the relief sought by Cox.<sup>7</sup> This is a significant indication that Windstream does not believe that grant of the requested redefinition would result in any financial hardship to Windstream.

Please inform me if you have any questions regarding this submission or if you require additional information. In accordance with the requirements of Section 1.1206 of the Commission's rules, one copy of this written ex parte communication will be filed electronically with the Commission.

Respectfully submitted,



J.G. Harrington  
Counsel for Cox Georgia Telcom, LLC

# **Exhibit A**

## **Windstream Per-Loop Costs**



**WIRE CENTER ZONE CALCULATION**  
**Path 3: Self-Certification of the Disaggregation and Targeting of Support**  
**Alltel - Georgia 220357 (3)**

WIRE CENTER	TOTAL COE INVESTMENT	LOCAL COE INVESTMENT	LOCAL CWF INVESTMENT	TOTAL LOCAL INVESTMENT	STUDY AREA ANNUAL COST FACTOR	ANNUAL COST	TOTAL LOOPS	ANNUAL COST PER LOOP	ZONE	USF LOOPS	ANNUAL HIGH COST LOOP SUPPORT	ANNUAL LOCAL SWITCHING SUPPORT	ANNUAL LONG TERM SUPPORT	ANNUAL INTERSTATE COMMON LINE SUPPORT	TOTAL SUPPORT
Centerville	\$5,206,018	\$3,297,842	\$8,785,942	\$12,083,784	26.33%	\$3,181,712	10,396	\$306.05	1	10,173	\$616,697	\$0	\$226,890	\$0	\$843,587
Byron	\$3,224,085	\$1,674,786	\$5,995,593	\$7,670,380	26.33%	\$2,019,644	5,607	\$360.18	1	5,487	\$332,627	\$0	\$122,378	\$0	\$455,005
Cairo	\$7,448,074	\$3,555,377	\$9,183,075	\$12,738,453	26.33%	\$3,354,090	9,141	\$366.93	1	8,945	\$542,255	\$0	\$199,502	\$0	\$741,756
Union Point	\$1,098,474	\$438,677	\$2,032,320	\$2,470,998	26.33%	\$650,624	1,651	\$393.98	1	1,616	\$97,963	\$0	\$36,042	\$0	\$134,005
Winterville	\$2,156,106	\$916,382	\$3,750,195	\$4,666,577	26.33%	\$1,228,730	3,064	\$401.06	1	2,998	\$181,742	\$0	\$66,865	\$0	\$248,607
Danielsville	\$2,953,841	\$1,536,920	\$3,605,804	\$5,142,724	26.33%	\$1,354,101	2,991	\$452.70	1	2,927	\$177,438	\$0	\$65,281	\$0	\$242,719
Jefferson	\$4,594,101	\$2,330,111	\$9,593,785	\$11,923,896	26.33%	\$3,139,613	6,760	\$464.44	2	6,615	\$668,346	\$0	\$245,892	\$0	\$914,239
Colbert	\$1,536,040	\$704,241	\$2,585,918	\$3,290,159	26.33%	\$866,313	1,833	\$472.54	2	1,794	\$181,257	\$0	\$66,686	\$0	\$247,943
Maysville	\$1,307,628	\$667,129	\$2,246,480	\$2,913,609	26.33%	\$767,166	1,589	\$482.77	2	1,555	\$157,109	\$0	\$57,802	\$0	\$214,912
Braselton	\$3,294,440	\$1,815,428	\$5,984,811	\$7,800,239	26.33%	\$2,053,837	4,197	\$489.36	2	4,107	\$414,950	\$0	\$152,665	\$0	\$567,616
Commerce	\$18,249,583	\$4,694,037	\$12,922,783	\$17,616,820	26.33%	\$4,638,585	8,975	\$516.81	2	8,783	\$887,390	\$0	\$326,481	\$0	\$1,213,871
Nicholson	\$1,399,929	\$511,894	\$2,358,805	\$2,870,699	26.33%	\$755,868	1,429	\$529.08	2	1,398	\$141,247	\$0	\$51,966	\$0	\$193,213
Comer	\$2,225,189	\$806,565	\$3,206,909	\$4,013,474	26.33%	\$1,056,765	1,944	\$543.69	2	1,902	\$192,168	\$0	\$70,701	\$0	\$262,870
Pendergrass	\$1,993,605	\$743,053	\$2,755,114	\$3,498,167	26.33%	\$921,083	1,678	\$548.92	2	1,642	\$165,899	\$0	\$61,036	\$0	\$226,936
Ila	\$1,340,961	\$692,124	\$2,443,565	\$3,135,689	26.33%	\$825,640	1,503	\$549.24	2	1,471	\$148,622	\$0	\$54,680	\$0	\$203,302
Carlton	\$496,698	\$120,428	\$964,606	\$1,085,034	26.33%	\$285,694	495	\$577.62	2	484	\$48,901	\$0	\$17,991	\$0	\$66,892
Lexington	\$2,946,126	\$1,525,686	\$5,303,793	\$6,829,480	26.33%	\$1,798,232	3,047	\$590.10	2	2,982	\$301,286	\$0	\$110,847	\$0	\$412,133
Homer	\$2,697,020	\$1,723,200	\$6,694,443	\$8,417,643	26.33%	\$2,216,402	3,337	\$664.28	2	3,265	\$329,879	\$0	\$121,366	\$0	\$451,245
White Plains	\$3,078,327	\$1,866,700	\$5,551,425	\$7,418,125	26.33%	\$1,953,224	2,711	\$720.44	3	2,653	\$643,310	\$0	\$236,681	\$0	\$879,991
Calvary-Reno	\$801,340	\$488,889	\$1,761,837	\$2,250,726	26.33%	\$592,626	790	\$750.22	3	773	\$187,440	\$0	\$68,961	\$0	\$256,401
Maxeys	\$618,749	\$185,304	\$1,228,570	\$1,413,875	26.33%	\$372,279	488	\$762.12	3	478	\$115,907	\$0	\$42,644	\$0	\$158,551

# **Exhibit B**

## **Windstream Loop Cost and Population Density**

# Windstream

## Per-Loop Cost and Population Density

<u>Wire Center</u>	<u>Disaggregation Zone</u>	<u>Per-Loop Cost</u>	<u>Population Density</u>
Centerville	1	\$306.05	1327.71
Byron	1	\$360.18	106.06
Cairo	1	\$366.93	100.02
Union Point	1	\$393.98	38.22
Winterville	1	\$401.06	151.23
Danielsville	1	\$452.70	86.17
Jefferson	2	\$464.44	203.23
Colbert	2	\$472.54	143.16
Maysville	2	\$482.77	100.82
Braselton	2	\$489.36	274.02
Commerce	2	\$516.81	132.20
Nicholson	2	\$529.08	134.82
Comer	2	\$543.69	66.02
Pendergrass	2	\$548.92	93.83
Ila	2	\$549.24	117.65
Carlton	2	\$577.62	29.33
Lexington	2	\$590.10	45.25
Homer	2	\$664.28	68.02
White Plains	3	\$720.44	24.29
Calvary-Reno	3	\$750.22	25.48
Maxeys	3	\$762.12	11.77