

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of )
Federal-State Joint Board on ) CC Docket No. 96-45
Universal Service )
Forward-Looking Mechanism ) CC Docket No. 97-160
for High Support for )
Non-Rural LECs )

ORDER

Adopted: August 7, 1998

Released: August 7, 1998

By the Deputy Chief, Common Carrier Bureau:

1. In conjunction with the Commission's proceeding to select a forward-looking economic cost mechanism for determining the level of federal high cost support that eligible non-rural carriers will receive beginning July 1, 1999, we request certain revenue information from non-rural local exchange carriers and holding companies. By seeking additional data on revenues, we are not prejudging the outcome of issues raised on reconsideration of the Universal Service Order or the issues referred to the Joint Board, including whether the Commission should reconsider its use of a revenue benchmark. The requested information is necessary to enable the

1 Federal State Joint Board on Universal Service, Report & Order, CC Docket No. 96-45, 12 FCC Rcd 8776, 8899 paras. 224-25, (1997) (Universal Service Order), as corrected by Federal State Joint Board on Universal Service, CC Docket 96-45, Errata, FCC 97-157 (rel. June 4, 1997), appeal pending, Texas Office of Public Utility Counsel v. FCC, No. 97-60421 (5th Cir. filed June 25, 1997); Federal-State Joint Board on Universal Service, Forward-Looking Mechanism for High Cost Support for Non-Rural LECs, Further Notice of Proposed Rulemaking, CC Docket Nos. 96-45, 97-160, 12 FCC Rcd 18,514 (rel. July 18, 1997) (Further Notice); Federal-State Joint Board on Universal Service, Order and Order on Reconsideration, CC Docket No. 96-45, FCC 98-160 (rel. July 17, 1998) (Referral Order).

2 See infra para. 6.

3 See Federal-State Joint Board on Universal Service, Report to Congress, CC Docket No. 96-45 (April 10, 1998) (Report to Congress) at para. 197 ("We are committed to issuing a reconsideration order in

Commission to set, on a timely basis, accurate revenue benchmarks used under the *Universal Service Order* to determine the level of high cost support.

2. In the *Universal Service Order*, the Commission determined that the level of federal high cost support that eligible non-rural carriers will receive would be 25 percent of the difference between the estimated forward-looking economic cost of providing the supported services and a nationwide average revenue benchmark.<sup>4</sup> The Commission also determined that the revenue benchmark should be calculated using revenues derived from local service, access, and other telecommunications services, including discretionary services.<sup>5</sup> The Commission did not adopt a precise calculation of the revenue benchmark in the *Universal Service Order*, but stated that, based on 1994 data received in response to an earlier data request, "it appears that the benchmark for residential services should be approximately \$31 and for single-line businesses should be approximately \$51."<sup>6</sup>

3. In a Public Notice released May 4, 1998, the Common Carrier Bureau sought to augment the record on certain issues relating to the creation of the federal forward-looking economic cost mechanism.<sup>7</sup> With respect to the revenue benchmark, we sought comment generally on the amount of access revenues that should be included in the benchmark.<sup>8</sup> In addition, the Bureau sought comment on the appropriate amount of intraLATA toll revenue that should be included in the revenue benchmark.<sup>9</sup> We also encouraged parties to provide further information about the revenues that are derived from services provided over the network that the

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response to the petitions filed asking the Commission to reconsider the decision to fund 25 percent of the required support amount."); *Referral Order* at 3-4 (referring to the Joint Board certain issues including an "appropriate methodology for determining support amounts, including a method for distributing support among the states and, if applicable, the share of total support to be provided by federal mechanisms.")

<sup>4</sup> *Universal Service Order*, 12 FCC Rcd at 8925-8926 para. 270.

<sup>5</sup> *Id.*, 12 FCC Rcd at 8924 para. 267.

<sup>6</sup> *Id.* (citing Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board, *Order*, CC Docket 80-286, 9 FCC Rcd 7962 (Comm. Car. Bur. 1994) (*1994 Data Request*)).

<sup>7</sup> Common Carrier Bureau Requests Further Comment on Selected Issues Regarding the Forward-Looking Economic Cost Mechanism for Universal Service Support, Public Notice, DA 98-848 (rel. May 4, 1998) (*May 4 Public Notice*).

<sup>8</sup> *May 4 Public Notice* at 8-9.

<sup>9</sup> *Id.*

universal service mechanism is designed to support.<sup>10</sup>

4. We find that, in addition to comments that we received in response to the *May 4 Public Notice*, specific information from non-rural local exchange carriers and holding companies is necessary to allow the Commission to calculate accurately the revenue benchmark that may be used to determine the level of federal high cost support. The Commission's suggested residential and business benchmarks of \$31 and \$51, respectively, were based on data that are four years old. In addition, the earlier data request did not ask local exchange carriers to differentiate among various revenue sources that would allow the Commission to deduct specific portions of access or toll revenue from the benchmark.

5. *Purpose of Data Request.* This data request is being issued to assist the Commission in implementing the forward-looking economic cost mechanism used to estimate the amount of universal service support that will be provided to eligible non-rural carriers beginning July 1, 1999.

6. *Carriers Subject to Data Request.* The following non-rural local exchange carriers and holding companies must respond to this data request:<sup>11</sup> Aliant Communications Company,

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<sup>10</sup> *Id.*

<sup>11</sup> In the *Universal Service Order*, the Commission determined that non-rural carriers will begin to receive support based on forward-looking economic cost on January 1, 1999. *Universal Service Order*, 12 FCC Rcd at 8889, 8927, paras. 203, 273. By non-rural carriers, we mean those carriers that do not meet the definition of a "rural telephone company" in section 3(37) of the Communications Act. 47 U.S.C. § 153(37). To the extent that a non-rural carrier meets the definition of a rural telephone company in certain of its study areas, we do not require submission of data with respect to those study areas. Section 3(37) provides that:

The term "rural telephone company" means a local exchange carrier operating entity to the extent that such entity --

(A) provides common carrier service to any local exchange carrier study area that does not include either --

(i) any incorporated place of 10,000 inhabitants or more, or any part thereof, based on the most recently available population statistics of the Bureau of the Census; or

(ii) any territory, incorporated or unincorporated, included in an urbanized area, as defined by the Bureau of the Census as of August 10, 1993;

(B) provides telephone exchange service, including exchange access, to fewer than 50,000 access lines;

(C) provides telephone exchange service to any local exchange carrier study area with fewer than 100,000 access lines; or

(D) has less than 15 percent of its access lines in communities of more than 50,000 on the

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ALLTEL, Ameritech, Anchorage Telephone Utility, Bell Atlantic, BellSouth, Cincinnati Bell, Frontier Corporation, GTE, North State Telephone Company, Puerto Rico Telephone Company, Roseville Telephone Company, Southern New England, Southwestern Bell, U S West, and United Telephone System.

### FILING PROCEDURES

7. *Instructions for Data Request.* Respondents shall comply with this data request by responding to the questions in the attached spreadsheet using Excel software, version 7.0 or a prior version, and by providing other information in the format indicated in the data request. Respondents may obtain the attached spreadsheet from the Commission's web site at [http://www.fcc.gov/ccb/universal\\_service/highcost.html#determine](http://www.fcc.gov/ccb/universal_service/highcost.html#determine). Because responses will be electronically compiled into a consolidated database, respondents should not insert, delete, or move any rows, columns, or text other than those that are necessary for a complete response. "Not applicable" responses should be designated by entering "NA" in the appropriate data cell and must be explained on a separate sheet of paper.

8. *Confidential Information.* If a respondent considers that its response to any portion of this data request constitutes confidential commercial or financial information, the respondent should comply with section 0.459 of the Commission's rules and should observe the following procedure: the respondent should complete the entire data request with the exception of those specific responses that are considered confidential information. This expurgated version should be filed and distributed in accordance with section 0.459 of the Commission's rules and the instructions found in "Responses to Data Request," below. The respondent should then duplicate the filed computer disks and paper copies, add the confidential data, and return one full confidential copy to Bryan Clopton, Accounting Policy Division, Common Carrier Bureau, Federal Communications Commission, 2100 M Street, NW, Room 8625, Washington, DC 20554. Each confidential disk and paper copy must be clearly marked "Confidential." In addition, the confidential disks and paper copies must be accompanied by a completed copy of the "Designation of Confidential Information" form attached to these instructions. The "Designation of Confidential Information" form must be signed by an authorized corporate officer or agent, and must list by question number all of the data responses considered confidential commercial or financial information. For each such response, indicate the reason for withholding the information from public inspection, and the facts on which those reasons are based. Copies of the "Designation of Confidential Information" form must also be filed and distributed with the expurgated data response, in accordance with the instructions found in "Responses to Data Request," below.

9. *Public Reporting Burden.* We have estimated that each response to this collection

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date of enactment of the Telecommunications Act of 1996.

of information will take, on average, 250 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERM, Washington, D.C. 20554, Paperwork Reduction Project (3060-0842). We also will accept your comments via the Internet if you send them to [jboley@fcc.gov](mailto:jboley@fcc.gov). Please **DO NOT SEND COMPLETED DATA REQUEST RESPONSES TO THIS ADDRESS.**

10. *OMB Approval.* Approved by OMB, 3060-0842, Expires 2/28/1999, Burden hour per respondent: 250 average. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the agency displays a currently valid control number.

11. *Questions.* Any questions regarding the data request or problems in completing it should be communicated to Katie King, 202-418-7400, [kking@fcc.gov](mailto:kking@fcc.gov).

12. *Responses to Data Request.* Responses must be submitted on or before **October 6, 1998**. For a response to be complete, it must include a paper copy of the completed Excel spreadsheet and an electronic copy of the completed Excel spreadsheet on one or more 3.5" computer diskettes. Respondents should create a separate electronic file for each study area for each year requested and name each file so that the files can be identified and sorted by study area and year. A signed original and a complete paper copy of each respondent's response and one copy of information in the prescribed electronic format shall be filed with the Office of the Secretary, Federal Communications Commission, 1919 M Street, N.W., Washington, DC 20554. Two complete paper copies, and two copies of information in the prescribed electronic formats, shall be transmitted to Sheryl Todd, Accounting Policy Division, Common Carrier Bureau, Federal Communications Commission, 2100 M Street, NW, Room 8611, Washington, DC 20554. One paper copy and one copy of information in the prescribed electronic format shall be transmitted to the Commission's copy contractor, International Transcription Service, 1231 20th Street, N.W., 8th floor, Washington, DC 20036.

#### ORDERING CLAUSE

13. Accordingly, pursuant to sections 5(c), 201-205, 220(c), 254 and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 155(c), 201-205, 220(c), 254, and 403, and sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, it is **HEREBY ORDERED** that Aliant Communications Company, ALLTEL, Ameritech, Anchorage Telephone Utility, Bell Atlantic, BellSouth, Cincinnati Bell, Frontier Corporation, GTE, North State Telephone Company, Puerto Rico Telephone Company, Roseville Telephone Company, Southern New England, Southwestern Bell, U S West, and United Telephone System shall

complete the attached Revenue Benchmark Data Request in the prescribed formats, and file their responses to the data request with the Commission by **October 6, 1998**.

FEDERAL COMMUNICATIONS COMMISSION

James D. Schlichting  
Deputy Chief, Common Carrier Bureau

DESIGNATION OF CONFIDENTIAL INFORMATION

I hereby certify that the information designated as confidential in the attached response(s) to the Revenue Benchmark Data Request is protected by \_\_\_\_\_ (name of company) as confidential or financial information:

SIGNATURE: \_\_\_\_\_

TITLE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

TELEPHONE: \_\_\_\_\_

FAX: \_\_\_\_\_

On a separate sheet of paper, please list the responses designated confidential, by chart number and column letter, a statement of the reasons for withholding the information from the public record, and the facts on which those reasons are based.

Approved by OMB  
3060-0842  
Expires 2/28/1999  
Burden hour per respondent: 250 average.