

**STATEMENT OF  
COMMISSIONER MICHAEL J. COPPS,  
DISSENTING**

*Re: Cost Review Proceeding for Residential and Single-Line Business Subscriber Line Charge (SLC) Caps*

I am troubled that consumers will face an increase in the line charge on their local bill without the Commission undertaking a thorough analysis of forward-looking cost data. In 2000, when the Commission adopted access charge reform for price cap carriers, the Commission pledged that it would initiate and complete before July 1, 2002 a cost review proceeding to ensure that consumers are not overpaying for telecommunications services. This has not been done. Carriers were required to provide, and the Commission stated that it would examine, forward-looking cost data. A significant number of carriers, however, submitted summary data without disclosing the inputs used, cost models that were not transparent, or in some cases, models that have been rejected by the state commissions. NASUCA, the association of state consumer advocates filed its data purporting to show that the cap should not increase, but it used a model that the Commission has cautioned may have limits in establishing costs. The Commission then failed to conduct its own independent analysis of the cost data. By failing to undertake the thorough analysis of cost data that was promised in the access reform order, we are neglecting our obligation to consumers.

I suspect there is a case to be made for proceeding with an increase in the cap. Indeed, in all probability, there are many areas of the country in which forward-looking costs exceed \$5. But as the courts have recently been at pains to tell the Commission, we need to obtain the data and conduct our analysis before we act. Without such data, I am unable to support an increase in the line charges on consumers' bills.

I also remain concerned about the line charges imposed on rural consumers. As the cap increases, it is highly likely that the disparity in line charges between rural consumers and urban ones will increase. For example, as the Order points out, those living in Washington, DC, will pay less than \$4 per month whereas those in most rural areas will soon pay over \$6 for this one charge on their bills. In 2000, the Commission determined that this line charge was not subject to the rate integration and rate averaging directives in the statute. Although a reexamination of that issue is not before us in this proceeding, before allowing further increases in the line charge, I would urge the Commission to consider this disparity and whether it runs afoul of section 254(g) or the Congressional mandate that the rates paid by those living in high-cost areas are reasonably comparable to those paid by consumers in urban areas.