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Public Service Commission

February 19, 2003

VIA ELECTRONIC FILING

Honorable Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW - Portals II, TW-A325
Washington, DC 20554

Re: CC Docket No. 96-45, Federal-State Joint Board on Universal Service

Dear Ms. Dortch:

Forwarded herewith are Comments of the Florida Public Service Commission in the above referenced docket with regard to Updating Line Counts for High-Cost Universal Service Support.

Should you have additional questions, please contact Greg Fogleman, the primary staff person in this docket, at (850) 413-6574.

Sincerely,

/ s /

Cynthia B. Miller, Esquire
Office of Federal and Legislative Liaison

CBM:tys

cc: Brad Ramsay, NARUC
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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
Federal-State Joint Board on Universal Service) CC Docket No. 96-45
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**FLORIDA PUBLIC SERVICE COMMISSION COMMENTS
ON FEDERAL COMMUNICATIONS COMMISSION NOTICE
REGARDING UPDATING LINE COUNTS FOR HIGH-COST
UNIVERSAL SERVICE SUPPORT**

On January 7, 2003, the Federal Communications Commission's (FCC's) Wireline Competition Bureau issued a Public Notice seeking comment on updating line count data and other limited information used to calculate high-cost universal service support amounts for non-rural carriers. Our comments concern whether the FCC should update certain inputs to the model, such as those for general support facilities, switching costs, and line counts. We also comment on how those lines should be allocated by class of service. In general, the Florida Public Service Commission (FPSC) believes that all of the inputs discussed in the public notice should be updated to reflect the most current data available. Using such data would capture changes in the economies of scale within the modeled network.

I. Updating Line Counts

As access lines continue to change, continued use of older line count data to compute annual per-line support amounts, while using quarterly line count data to compute aggregate support and distribution, may result in increasing the size of the high cost fund for non-rural carriers. The FPSC believes that such a result would be contrary to the intent of the Telecommunications Act of 1996 (the

Act). Section 254(b)(5) of the Act states that specific, predictable, and sufficient Federal and State mechanisms should be in place to preserve and advance universal service. We believe the current methodology could misdirect support and result in a high-cost fund that is larger than necessary. While we support the use of updated line count data, we believe that it is preferable that the vintage of line count data used to determine per line support and to compute total high-cost fund be identical. To that end, the FPSC recommends that if the FCC adjusts support amounts each quarter, the new quarterly line count data should also be used to recalculate costs.¹

II. Updating General Support Facilities & Switching Costs

The FCC's notice also requested comments on updating inputs relating to general support facilities (GSF). GSF includes such items as buildings, motor vehicles, and general support computers. Only a portion of GSF is added to the model's estimate of outside plant, switching, and transport investment. The model currently uses traffic parameters obtained from Automated Reporting Management Information System (ARMIS) and the National Exchange Carrier Association (NECA). This data is used to determine the percentage of the switch allocated to supported services and the switch port requirement for interoffice transport. Updating the general support facilities data is necessary to adequately reflect the cost of providing the supported services. Given the availability of the updated information from the ARMIS reports, the FPSC believes that updating this data would be necessary to meet the requirements of Section 254(b)(5).

¹ We note that certain other key data used in the Synthesis model (i.e., census and road network data) have not been updated since the adoption of the model.

III. Class of Service

The FCC seeks comment on how these updated line counts should be allocated to the classes of service in the FCC's synthesis model. The Synthesis model uses service classification (i.e., business line, residential line, special access line, payphone line, or single business line) in establishing average per-line costs. However, the new wire center line count data does not include class of service information on a wire center basis.

In previous orders,² the FCC concluded that it should allocate its line count data to the classes of service used in the model based on the historical relationships derived from line count data previously filed and publicly available. The FPSC contends that this approach represents a reasonable approach for estimating the appropriate service classification for the new line count data, given the lack of publicly available current data.

IV. Conclusion

In conclusion, the FPSC supports the use of more current line count, GSF, and switching cost data for calculating high-cost universal service support for non-rural carriers. If this information is not updated on a timely basis, the Universal Service Support mechanism may be excessively costly. The FPSC would be willing to support updating line count data quarterly only if the data is used in both calculating costs and distributing support. With regard to class of service delineation of the line count

² See 2002 Line Counts Update Order, 16 FCC Rcd at 22422-23, paras. 13-14; 2001 Line Counts Update Order, 15 FCC Rcd at 23966, paras. 14-16. Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Forward-looking Mechanism for High-Cost Support for Non-rural LECs, CC Docket No. 97-160, Order, DA 99-1406 (Com. Car. Bur. rel. July 19, 1999) (1999 Data Request).

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data, the FPSC believes that it would be reasonable to use the information contained in previously filed data (which does allocate lines among the classes of service), and to use the historical ratios.

Respectfully Submitted,

/s/

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2540 Shumard Oak Boulevard
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Dated: February 19, 2003