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Public Service Commission

October 3, 2001

VIA ELECTRONIC FILING

Magalie R. Salas, Secretary
Federal Communications Commission
Portals II, TW-A325
445 Twelfth Street, SW
Washington, D.C. 20554

Re: CC Docket No. 96-45, Federal-State Joint Board on Universal Service -
Comments on Federal Communications Commission Notice Regarding
Updating Line Counts for High-Cost Universal Service Support

Dear Ms. Salas:

Forwarded herewith are Comments of the Florida Public Service Commission in response to the Federal Communications Commission Notice Regarding Updating Line Counts for High-Cost Universal Service Support.

Sincerely,

/ s /

Cynthia B. Miller, Esquire
Bureau of Intergovernmental Liaison

CBM:tf

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

In the Matters of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Updating Line Count Data)	
_____)	

**FLORIDA PUBLIC SERVICE COMMISSION COMMENTS
ON FEDERAL COMMUNICATIONS COMMISSION NOTICE
REGARDING UPDATING LINE COUNTS FOR HIGH-COST
UNIVERSAL SERVICE SUPPORT**

On September 11, 2001, the Federal Communications Commission's (FCC's) Common Carrier Bureau issued a Public Notice seeking comment on updating line count data and other limited information for calculating high-cost universal service support for non-rural carriers for the year 2002. 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 network, and thus more accurately reflect companies' costs.

I. Background

There are two stages that use access line counts to compute high-cost universal service support. In the first stage, the forward-looking model uses the line count data to calculate basic local service costs at both the wire center and at a nationwide level. Presently, this calculation is completed once a year. Any wire center that has costs over 135% of the nationwide average is eligible for support. In the second stage, the per-line support figure from stage one is multiplied

by the number of eligible lines provided by the eligible carrier. This calculation is performed on a quarterly basis with updated line count data. A disconnect between these two stages can occur when:

- 1) the forward-looking model uses older line count data to compute average per-line support levels for eligible carriers, and¹
- 2) the average support levels are applied to more recent line counts reported quarterly to the Universal Service Administration Company (USAC).

II. Updating Line Counts

If access lines continue to grow, continued use of older line count data to compute annual per-line costs, while using quarterly line counts to compute support and distribution, will likely result in an ever-increasing fund size. 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. By enacting a methodology that does not update line counts on a timely basis, the FCC will create a mechanism that is excessively costly. To that end, the FPSC strongly recommends that if the FCC adjusts support amounts each quarter, the new quarterly line count data should also be used to recalculate costs.

The FPSC acknowledges those arguments that the line count data should not be updated unless the corresponding updates to customer location data are also conducted. While the FPSC agrees that it would be desirable to refresh the record regarding all of the inputs in the model, the FCC should move forward and update at least all of the inputs suggested in the notice. While more recent line count data may result in the model allocating additional lines to existing households, the FPSC contends that this assumption would reflect a greater degree of accuracy than the current method of calculating costs and support amounts. In instances where new lines

¹ In the Line Counts Update Order, the Bureau updated line counts by using year-end 1999 line counts filed July 31, 2000, as input values for estimating average forward-looking costs for the year 2001.

are added at existing locations, the model takes into account many of the additional costs involved, such as larger cable sizes and increased capacity of digital loop carriers.

III. 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. 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).

As stated in the notice, the model currently uses traffic parameters obtained from 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. While the NECA data is updated quarterly, the ARMIS data represents information from 1997 and 1998.

While it is unclear from this notice how the FCC incorporates both data sets, the FPSC generally agrees that the use of more recent and accurate data is important to the appropriate use of any model. To the extent that the ARMIS data represents duplicative data that does not add value or verification to the data captured by NECA, the FPSC does not oppose discontinuing use of the ARMIS data for this purpose.

IV. Class of Service

The FCC seeks comment on how these updated line counts should be allocated to the classes of service used in the FCC's synthesis model. The synthesis model uses service classification (i.e., business line, residential line, special access line (non-switched), payphone line, or single business line), in establishing average per-line costs. However, the new wire

center line count data that was filed does not include class of service information on a wire center basis.

In the FCC's Line Counts Update Order,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 proportions of 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.

V. 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 for the 2002 support year. If this information is not updated on a timely basis, the Universal Service Support mechanism will be excessively costly. With regard to class of service delineation of the line count data, the FPSC believes that it would be reasonable to use the information contained in previously filed data (which does allocate lines among the class of service), and to use the historical ratios.

Respectfully submitted,

/ s /

Cynthia B. Miller, Esquire
Bureau of Intergovernmental Liaison

DATED: October 3, 2001

² FCC Order, Docket No. 96-45, DA 00-2729; Adopted: December 7, 2000; Released: December 8, 2000.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing comments of the Florida Public Service Commission will be sent this date to the parties on the attached service list.

/ s /

Cynthia B. Miller, Esquire
Bureau of Intergovernmental Liaison

DATED: October 3, 2001

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