

VOTE SHEET

DECEMBER 18, 1998

RE: DOCKET NO. 980696-TP - Determination of the cost of basic local telecommunications service, pursuant to Section 364.025, Florida Statutes.

Issue 1: What is the definition of the basic local telecommunications service referred to in Section 364.025(4)(b), Florida Statutes?

Recommendation: The definition of basic local telecommunications service referred to in Section 364.025(4)(b), Florida Statutes, is defined in Section 364.02(2), Florida Statutes, as voice-grade, flat-rate residential, flat-rate single-line business local exchange services which provide dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multifrequency dialing, and access to the following: emergency services such as "911," all locally available interexchange companies, directory assistance, operator services, relay services, and an alphabetical directory listing.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*[Handwritten signatures in the Majority column]*

*[Handwritten signature in the Dissenting column]*

REMARKS/DISSENTING COMMENTS:

*Commissioner Deacon dissented on issue 6.*

DOCUMENT NUMBER DATE

14257 DEC 18 98

REGULATORY REPORTING

VOTE SHEET

DECEMBER 18, 1998

DOCKET NO. 980696-TP - Determination of the cost of basic local telecommunications service, pursuant to Section 364.025, Florida Statutes.

(Continued from previous page)

Issue 2: For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, what is the appropriate cost proxy model to determine the total forward-looking cost of providing basic local telecommunications service pursuant to Section 364.025(4)(b), Florida Statutes?

Recommendation: Of the two models proposed, staff recommends the Benchmark Cost Proxy Model 3.1 (BCPM) be adopted, subject to the modifications discussed in the analysis portion of staff's December 9, 1998, memorandum.

**APPROVED**

Issue 3: For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, should the total forward-looking cost of basic local telecommunications service pursuant to Section 364.025(4)(b), Florida Statutes, be determined by a cost proxy model on a basis smaller than a wire center? If so, on what basis should it be determined?

Recommendation: No. Staff recommends that the costs should be aggregated up to the wire center level at this time.

**APPROVED**

Issue 4: For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, for each of the following categories what input values to the cost proxy model identified in Issue 2 are appropriate for each Florida LEC?

(a) Depreciation rates

**APPROVED**

VOTE SHEET

DECEMBER 18, 1998

DOCKET NO. 980696-TP - Determination of the cost of basic local telecommunications service, pursuant to Section 364.025, Florida Statutes.

(Continued from previous page)

(b) Cost of money

**APPROVED**

(C) Tax rates

**APPROVED**

(d) Supporting structures

**APPROVED**

(e) Structure sharing factors

**APPROVED**

(f) Fill factors

**APPROVED**

VOTE SHEET

DECEMBER 18, 1998

DOCKET NO. 980696-TP - Determination of the cost of basic local telecommunications service, pursuant to Section 364.025, Florida Statutes.

(Continued from previous page)

(g) Manholes

**MODIFIED**

*BTE is to be added to average*

(h) Fiber cable costs

**APPROVED**

(i) Copper cable costs

**APPROVED**

(j) Drops

**APPROVED**

(k) Network interface devices

**APPROVED**

VOTE SHEET

DECEMBER 18, 1996

DOCKET NO. 980696-TP - Determination of the cost of basic local telecommunications service, pursuant to Section 364.025, Florida Statutes.

(Continued from previous page)

(l) Outside plant mix

**APPROVED**

(m) Digital loop carrier costs

**APPROVED**

(n) Terminal costs

**APPROVED**

(o) Switching costs and associated variables

**APPROVED**

(p) Traffic data

**APPROVED**

VOTE SHEET

DECEMBER 18, 1998

DOCKET NO. 980696-TP - Determination of the cost of basic local telecommunications service, pursuant to Section 364.025, Florida Statutes.

(Continued from previous page)

(q) Signaling system costs

**APPROVED**

(r) Transport system costs and associated variables

**APPROVED**

(s) Expenses

**APPROVED**

*Staff noted Commissioner's concerns to be addressed in the report.*

(t) Other inputs

**MODIFIED**

*Loop cost investment is capped at \$4,350 instead of \$10,000.*

Recommendation: Staff recommends the input values found in Appendix A of their December 9, 1998 memorandum.

*The Commissioners approved a, b, c, d, e, f, h, i, j, k, l, m, n, o, p, q, r, s; g and t were approved with modifications*

VOTE SHEET

DECEMBER 18, 1998

DOCKET NO. 980696-TP - Determination of the cost of basic local telecommunications service, pursuant to Section 364.025, Florida Statutes.

(Continued from previous page)

Issue 5: (a) For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, for which Florida local exchange companies must the cost of basic local telecommunications service be determined using the cost proxy model identified in Issue 2?

(b) For each of the LECs identified in (a), what cost results from using the input values identified in Issue 5 in the cost proxy model identified in Issue 2?

Recommendation 5(a): BellSouth Telecommunications, Inc., GTE Florida Incorporated, and Sprint-Florida, Incorporated must use the cost proxy model selected by the Commission in this proceeding to determine their respective costs of basic local telecommunications service appropriate for establishing a permanent universal service mechanism. (COX)

**APPROVED**

Recommendation 5(b): Due to the structural changes to the model recommended in Issue 2 that will need to be made by the model sponsors, staff is unable to provide final cost results. Staff recommends that the model sponsors submit, within 25 days of the Commission's vote, a revised version of the model and model runs for all Florida LECs that incorporate staff's recommended inputs, as well as all other items referred to in Issues 2 and 4 required for compliance with this recommendation. However, for illustrative purposes, Appendix B of staff's memorandum provides proxy model results that reflect staff's recommended inputs, although not the structural changes to the model.

**APPROVED**

VOTE SHEET

DECEMBER 18, 1998

DOCKET NO. 980696-TP - Determination of the cost of basic local telecommunications service, pursuant to Section 364.025, Florida Statutes.

(Continued from previous page)

Issue 6: (a) For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, should the cost of basic local telecommunications service for each of the LECs that serve fewer than 100,000 access lines be computed using the cost proxy model identified in Issue 2 with the input values identified in Issue 4?

(b) If yes, for each of the LECs that serve fewer than 100,000 access lines, what cost results from using the input values identified in Issue 4 in the cost proxy model identified in Issue 2?

(c) If not, for each of the Florida LECs that serve fewer than 100,000 access lines, what approach should be employed to determine the cost of basic local telecommunications service and what is the resulting cost?

Primary Recommendation:

- (a) No. Local exchange companies (LECs) with fewer than 100,000 access lines should not compute the cost of basic local telecommunications service using the cost proxy model identified in Issue 2.
- (b) Not applicable
- (c) For the purpose of fulfilling the FPSC's statutory obligation under Section 364.025(4)(c), the cost of basic local telecommunications service for each of the Florida LECs that serve fewer than 100,000 access lines should be computed using the embedded cost methodology included in witness Curry's testimony with the modifications discussed in the staff analysis. The resulting costs are shown on Table 6-1 of staff's memorandum.

*On the Commission's own motion, under 364.025(4)(c), the alternative we chose between a "different cost proxy study" and the fully embedded cost is the fully embedded cost. We have included that study in this order. Though we are not required to, we also did a study using the same cost proxy model we used for the large companies and we are also reporting that. Commissioner Deason dissented.*

Alternative Recommendation: (a) (b) (c): If and when a funded permanent universal service mechanism is established, the methodology used to determine the cost of basic local telecommunications service should be the same for all LECs, regardless of size. While the cost proxy model in Issue 2 may be appropriate for both the small and large LECs, some of the model inputs in Issue 4 are likely not at appropriate levels for small LECs; however, the record is silent on this issue. For comparative purposes, Appendix B contains the results from the proxy model in Issue 2 with the recommended inputs from Issue 4, for all Florida LECs.

*See above.*



VOTE SHEET

DECEMBER 18, 1998

DOCKET NO. 980696-TP - Determination of the cost of basic local telecommunications service, pursuant to Section 364.025, Florida Statutes.

(Continued from previous page)

Issue 7: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of the Final Order in this proceeding.

**APPROVED**