

**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  
 )

**ORDER**

**Adopted:** December 7, 2000

**Released:** December 8, 2000

By the Common Carrier Bureau:

**I. INTRODUCTION**

1. In this Order, we update line count input values for the new high-cost universal service support mechanism for non-rural carriers for purposes of calculating and targeting support amounts for the year 2001. Specifically, we shall use updated line count data in the universal service cost model to estimate non-rural carriers' forward-looking economic costs of providing the services supported by the federal high-cost mechanism. In addition, we clarify that non-rural support amounts will continue to be adjusted each quarter to account for line growth based on the wire center line count data reported quarterly by non-rural carriers.

**II. BACKGROUND**

2. New High-Cost Mechanism. On October 21, 1999, the Commission adopted two orders completing implementation plans for a new high-cost universal service support mechanism for non-rural carriers.<sup>1</sup> The new mechanism provides support based on the forward-looking economic cost of providing the services eligible for support,<sup>2</sup> as determined by the Commission's universal service cost model.<sup>3</sup> The

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<sup>1</sup> See *Federal-State Joint Board on Universal Service*, CC Docket 96-45, Ninth Report and Order and Eighteenth Order on Reconsideration, 14 FCC Rcd 20432 (1999) (*Ninth Report and Order*); *Federal-State Joint Board on Universal Service, Forward-Looking Mechanism for High Cost Support for Non-Rural LECs*, Tenth Report and Order, CC Docket Nos. 96-45, 97-160, 14 FCC Rcd 20156 (1999) (*Tenth Report and Order*).

<sup>2</sup> The services eligible for federal universal service support are listed in section 54.101 of the Commission's rules. 47 C.F.R. § 54.101.

<sup>3</sup> The cost model consists of: (1) a model platform, which contains a series of fixed assumptions about network design and engineering; and (2) input values for the model platform, such as the cost of network components, e.g., cables and switches, as well as various capital cost parameters. The Commission adopted the model platform in the *Fifth Report and Order* released in October 1998. See *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, Fifth Report and Order, 13 FCC Rcd 21323 (1998) (*Fifth Report and Order*). In the *Tenth Report and Order*, the Commission adopted the input values to be used in the model. See *Tenth Report and* (continued....)

forward-looking support mechanism takes the costs generated by the cost model, compares them to a national benchmark, and provides support for costs exceeding that benchmark. Specifically, for each state, the cost model calculates the average forward-looking cost per line incurred by non-rural carriers to provide supported services. The forward-looking support mechanism provides support to non-rural carriers in those states that have a statewide average forward-looking cost per line greater than the national benchmark, which is set at 135 percent of the national average forward-looking cost per line.<sup>4</sup>

3. Targeting. To ensure that support is provided to the areas that need it most, the Commission determined that both forward-looking support and hold-harmless support for non-rural carriers should be targeted to high-cost wire centers.<sup>5</sup> Under the targeting approach, the amount of support available in a particular wire center depends on the relative costs in that wire center, as estimated by the cost model.

4. Model Lines and Reported Lines. Line counts are used for two general purposes in the high-cost support mechanism for non-rural carriers. First, line counts are used in the universal service cost model to estimate the forward-looking costs of providing supported services. Second, line counts are used to calculate support based on those costs. Both model lines and reported lines are used in targeting support to high-cost areas. Model lines are used to determine the relative costs among wire centers and reported lines are used to determine the portable per-line support amounts available in high-cost wire centers.

5. Support for the Year 2000. In the *Twentieth Reconsideration Order*, the Commission clarified that the cost model would use the line count input values adopted by the Commission in October 1999, that is, year-end 1998 line counts, for purposes of determining and targeting support for the year 2000.<sup>6</sup> The Commission also clarified that support would be calculated using wire center line count data (Continued from previous page) \_\_\_\_\_

*Order*, 14 FCC Rcd 20156. In the *Ninth Report and Order*, the Commission adopted the methodology for calculating support amounts based on these forward-looking costs. See *Ninth Report and Order*, 14 FCC Rcd 20432. The cost model is available for downloading from the Commission's web site at <http://www.fcc.gov/ccb/apd/hcpm>.

<sup>4</sup> *Ninth Report and Order*, 14 FCC Rcd at 20438-38, 20463-64. The forward-looking support mechanism provides support for all intrastate costs in states in which the average cost exceeds the benchmark. *Ninth Report and Order*, 14 FCC Rcd at 20466-86. Intrastate costs account for 76 percent of all forward-looking costs estimated by the model. Therefore, the forward-looking mechanism provides support for 76 percent of the forward-looking costs that exceed the benchmark. *Ninth Report and Order*, 14 FCC Rcd at 20467-68. In addition to the new forward-looking high-cost support mechanism for non-rural carriers, the Commission also adopted an interim hold-harmless provision. Under this transitional provision, no non-rural carrier will receive less support under the forward-looking mechanism than it would have received if we had continued to provide support under the previous high-cost support mechanism based on a carrier's book (embedded) costs. *Ninth Report and Order*, 14 FCC Rcd at 20474-79. On June 30, 2000, the Federal-State Joint Board on Universal Service released a recommended decision for phasing down the interim hold-harmless provision of the new, forward-looking high-cost universal service support mechanism for non-rural carriers. See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, FCC 00J-1 (rel. June 30, 2000).

<sup>5</sup> *Ninth Report and Order*, 14 FCC Rcd at 20471-73, 20476-78.

<sup>6</sup> *Federal-State Joint Board on Universal Service*, Twentieth Order on Reconsideration, CC Docket No. 96-45, FCC 00-126 (rel. April 7, 2000) (*Twentieth Reconsideration Order*). These wire center line counts were generated by PNR Associates (PNR) and were trued-up to study area access line counts provided by the carriers in their 1998 ARMIS (Automated Reporting and Management Information System) filings. See *Tenth Report and Order*, 14 FCC Rcd at 20186.

reported by the carriers on a quarterly basis.<sup>7</sup> Under this approach, for each state, the average per-line support amounts are determined using the forward-looking cost estimates generated with the October 1999 line count inputs. The Universal Service Administrative Company (USAC) then determines statewide forward-looking support amounts by multiplying the average per-line support amount by the number of lines reported by non-rural carriers each quarter.<sup>8</sup> While the average per-line support amount does not change from quarter to quarter, the total statewide forward-looking support amounts change quarterly as the number of lines reported changes.<sup>9</sup>

6. After statewide forward-looking support amounts are determined, USAC uses the cost estimates generated by the model to determine the relative costs among wire centers and uses these relative costs to determine the support amounts targeted to the high-cost wire centers.<sup>10</sup> After the total wire center support amounts are determined, USAC determines the portable per-line support amounts available in each wire center. To ensure that all non-rural carriers in a wire center receive the same per-line support for the lines they serve, the total wire center support amount is divided by the number of reported lines in that wire center.<sup>11</sup>

7. Support for the Year 2001. On July 24, 2000, we sought comment on updating the line counts used in the model for purposes of calculating support for the year 2001.<sup>12</sup> Non-rural carriers filed year-end 1999 wire center line count data on July 31, 2000.<sup>13</sup> We sought comment on whether the Commission should update the line count input values used in the cost model with these year-end 1999 data

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<sup>7</sup> Non-rural carriers began filing quarterly wire center line counts for the first time on December 30, 1999. These line counts reflected a carrier's lines as of June 30, 1999.

<sup>8</sup> Non-rural carriers are now required to file line count data by wire center, rather than by study area. *See* 47 C.F.R. §§ 36.611, 36.612, 54.307. Prior to December 30, 1999, non-rural incumbent local exchange carriers and competitive eligible telecommunications carriers seeking to receive support were required to file line count data at the study area level pursuant to sections 36.611 and 54.307 of the Commission's rules.

<sup>9</sup> *See Twentieth Reconsideration Order*, FCC 00-126 at paras. 9-10, 17.

<sup>10</sup> *See Twentieth Reconsideration Order*, FCC 00-126 at paras. 11-13.

<sup>11</sup> *See Twentieth Reconsideration Order*, FCC 00-126 at para. 14. Although hold-harmless support is based on embedded cost, rather than the model's forward-looking cost estimates, it is consistent with the Commission's decision targeting hold-harmless support to high-cost wire centers to use the cost estimates generated by the model to target such support. *See Twentieth Reconsideration Order*, FCC 00-126 at para. 15. Accordingly, as with forward-looking support amounts, model lines are used to determine the relative costs among wire centers and total support amounts available in each wire center. Reported lines are then used to determine the portable per-line support amounts available in each wire center. *See Twentieth Reconsideration Order*, FCC 00-126 at paras. 15-16.

<sup>12</sup> *See Common Carrier Bureau Seeks Comment on Updating Line Counts for Calculating High-Cost Universal Service Support for Non-Rural Carriers for the Year 2001*, Public Notice, CC Docket No. 96-45, DA 00-1626 (rel. July 24, 2000). On August 10, 2000, the Bureau extended the pleading cycle. *See Common Carrier Bureau Extends Pleading Cycle for Comment on Updating Line Counts for Calculating High-Cost Universal Service Support for Non-Rural Carriers for the Year 2001*, Public Notice, CC Docket No. 96-45, DA 00-1825 (rel. Aug. 10, 2000) (*Aug. 10 Public Notice*).

<sup>13</sup> *See* 47 C.F.R. §§ 36.611, 54.307.

for purposes of determining support amounts for the year 2001.<sup>14</sup> We also sought comment on how these line counts, which are USF loops,<sup>15</sup> could be allocated to the classes of service used in the model.<sup>16</sup> In particular, we sought comment on whether the Commission should use wire center line count data filed by non-rural carriers pursuant to the *1999 Data Request* to allocate lines to the classes of service used in the model.<sup>17</sup> In addition, we sought comment on how to determine the number of special lines in each wire center.<sup>18</sup> Now that carriers file wire center line count data, these line counts can best be matched to the wire centers used in the model. Accordingly, we also sought comment on how to match the quarterly wire center line counts with the wire centers in the model.

### III. DISCUSSION

8. Consistent with the framework adopted in the *Twentieth Reconsideration Order*, we conclude that the cost model should use the year-end 1999 line counts filed July 31, 2000, as input values for purposes of estimating average forward-looking costs and determining support for the year 2001. We also conclude that line counts should be allocated to the classes of service used in the model based on the line count data filed pursuant to the *1999 Data Request*. We conclude further that special access line counts should be allocated on the basis of the *1999 Data Request* data and trued-up to 1999 43-08 ARMIS special access line counts. In addition, we conclude that the Bureau and USAC should use available information to match reported wire centers to wire centers used in the model. Line counts in wire centers that cannot be matched will not be used to estimate average costs, but will be incorporated in the calculation of support amounts, along with the quarterly line counts reported by carriers. Finally, most carriers sought confidential treatment of the *1999 Data Request* data. Such data will be made available

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<sup>14</sup> We noted that, if line count input values are updated, the average per-line support amount in each state would then be determined using these updated input values. Consistent with the methodology set forth in the *Twentieth Reconsideration Order*, statewide support amounts would be determined by multiplying the updated average support amounts by the number of lines reported each quarter by non-rural carriers in each state. See *Aug. 10 Public Notice* at 3 n. 13.

<sup>15</sup> Section 36.611 of the Commission's rules requires carriers to file, for universal service support purposes, "working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category 1, but excluding WATS closed end access and TWX service." See 47 C.F.R. § 36.611(h).

<sup>16</sup> To estimate wire center costs, the model uses line counts for total business lines, residential lines, special lines, payphone lines, and single line business lines. See LineCount table in hcpm/Db/hcpm.mdb at <http://www.fcc.gov/ccb/apd/hcpm>.

<sup>17</sup> See *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 (rel. July 19, 1999) (*1999 Data Request*). The *1999 Data Request* required non-rural carriers to file year-end 1998 wire center line count data for total business lines, residential lines, special lines, payphone lines, and single line business lines, measured as voice grade equivalent analog or digital lines. In addition, the *1999 Data Request* sought information on facility (as opposed to voice grade equivalent) line counts for business and special lines.

<sup>18</sup> The *1999 Data Request* defined "special lines" to include state private lines as well as interstate special access lines. See *1999 Data Request* at 4-5. The PNR data used in the model was trued-up to 1998 43-08 ARMIS (Automated Reporting and Management Information System) access line counts, which includes only interexchange special access lines.

pursuant to the *Interim Protective Order* in this proceeding.<sup>19</sup>

9. 1999 Line Counts. We find that line count input values should be updated so that the model will take into account changes in costs that result from changes in line counts. If line count input values remained static, the model's cost estimates would fail to reflect the economies of scale generated by serving an increasing number of lines. Absent an update of line count input values, the use of reported lines in the support methodology would cause non-rural support to increase indefinitely as reported lines increase.<sup>20</sup> Such a result would be inconsistent with the criteria adopted in the *Universal Service First Report and Order* requiring that the cost model reflect the economies of scale of serving all lines within a geographic area.<sup>21</sup> By updating line count input values, the cost estimates will reflect the economies of scale resulting from the growth in the number of lines served by non-rural carriers.<sup>22</sup>

10. We also find that the lines reported by carriers on July 31, 2000 (year-end 1999 line counts) are the appropriate data to use for updating the cost model's input values at this time. We are not persuaded by AT&T's argument that we should use as input values projected line counts for the year in which support is provided.<sup>23</sup> Because support currently is provided on the basis of the lines reported by carriers, rather than line count projections, AT&T's proposed solution would not resolve the purported "mismatch" between model lines and reported lines identified by AT&T.<sup>24</sup>

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<sup>19</sup> See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Interim Protective Order, 15 FCC Rcd 10183 (2000) (*Interim Protective Order*). The 1999 *Data Request* data has been compiled in a single table for purposes of matching these data with the model's customer location data and the quarterly line counts filed by non-rural carriers. See *infra* para. 17. Because the table contains data for which some companies sought confidential treatment, the table will be made available pursuant to the *Interim Protective Order*.

<sup>20</sup> See, e.g., Worldcom Comments at 2 ("continuing to use the older line counts in the model to compute per line costs while using the new line count to compute total support will simply result in an ever-increasing fund size"); Florida PSC Comments at 5 (supporting the use of more current line count data because, "[i]f this information is not updated on a timely basis, the Universal Service Support Mechanism will be excessively costly").

<sup>21</sup> See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 8915 (1997) (*Universal Service First Report and Order*) (subsequent history omitted) ("The cost study or model must estimate the cost of providing service for all businesses and households within a geographic region. This includes the provision of multi-line business services, special access, private lines, and multiple residential lines. Such inclusion of multi-line business services and multiple residential lines will permit the cost study or model to reflect the economies of scale associated with the provision of these services."). See also AT&T Comments at 3 ("use of old 1998 line count data to compute per-line support estimates results in payments that do not reflect the economies of scale associated with operating all of the lines that have been added since 1998").

<sup>22</sup> See Worldcom Comments at 2 ("Because these data reflect the most current available line counts, they will allow the cost model to reflect the further economies of scale of the network that are available due to the growth in the network.").

<sup>23</sup> See AT&T Comments at 4-5. AT&T concedes that until the Commission adopts some method of projecting model line counts to the year for which support is provided, we should use the year-end line count data filed by carriers on July 31, 2000.

<sup>24</sup> AT&T is mistaken in its contention that hold-harmless support amounts increase with an increase in reported lines. See AT&T Comments at 3-4. The total hold-harmless support amount is divided among the high-cost wire centers based on the relative costs in those wire centers. Per-line support amounts are determined by (continued....)

11. For purposes of calculating support in 2001, we will use year-end 1999 line counts in the model and adjust support amounts every quarter to reflect the lines reported by carriers, according to the methodology set forth in the *Twentieth Reconsideration Order*.<sup>25</sup> We defer to a future proceeding the issue of how often line counts and other input values should be updated.<sup>26</sup>

12. We are not persuaded by Qwest's argument that we should not use updated line count data in the cost model unless we also use updated customer location data.<sup>27</sup> Qwest claims that updating only line counts would "artificially depress the cost per line, since the numerator would remain stagnant while the denominator grows."<sup>28</sup> This statement fails to acknowledge how the model estimates forward-looking costs. Qwest concedes that increased line counts reflect one of two situations: (1) additional lines at existing locations; and (2) lines at new locations.<sup>29</sup> When additional lines are added at existing locations the model takes into account additional costs involved, such as larger cable sizes and increased capacity digital loop carriers. Contrary to Qwest's claim, the numerator (estimated forward-looking cost) would not remain stagnant if the model uses updated line count input values. Moreover, we estimate that approximately 65 percent of the increase in residential lines is due to additional lines at existing locations rather than to lines at new locations.<sup>30</sup> Until the Commission adopts new customer location data, all new lines should be treated as additional lines at existing locations in the model, with their additional costs included in the model's cost estimates.

13. Although certain costs associated with new locations may not be reflected in the cost model's estimates until the Commission adopts new customer location data, we agree with AT&T and the Florida PSC that we should not wait until then to update line counts.<sup>31</sup> First, as the Florida PSC points out, more current line count data will be used in determining support amounts whether or not the customer location data are updated.<sup>32</sup> If the line counts used in the model are not updated, the time lag between the model inputs and the reported lines used to determine support would continue to grow without any readjustment. Second, because the model currently uses road surrogate customer location data, the additional costs associated with new locations are less significant than implied by Qwest's argument.<sup>33</sup> If (Continued from previous page) \_\_\_\_\_  
dividing the total hold-harmless support in a wire center by the number of lines reported in that wire center. See *Twentieth Reconsideration Order*, FCC 00-126 at paras. 15-16.

<sup>25</sup> See *Twentieth Reconsideration Order*, FCC 00-126.

<sup>26</sup> The Commission previously recognized the importance of updating the inputs in the model as technology and other conditions change. See *Tenth Report and Order*, 14 FCC Rcd at 20170.

<sup>27</sup> See Qwest Comments at 4-6; Qwest Reply Comments at 2-3.

<sup>28</sup> See Qwest Comments at 4.

<sup>29</sup> See Qwest Comments at 4.

<sup>30</sup> See FCC, Common Carrier Bureau, Industry Analysis Division, *Trends in Telephone Service: March 2000* (rel. Mar. 2000) at 20-6, Table 20.4.

<sup>31</sup> See AT&T Reply Comments at 2-5; Florida PSC Reply Comments at 3-4.

<sup>32</sup> See Florida PSC Reply Comments at 4.

<sup>33</sup> The customer location data used in the model was developed using road network information to create surrogate locations uniformly along the roads. See *Tenth Report and Order*, 14 FCC Rcd at 20177-80.

the “missing” new locations are anywhere along the road network used to create the surrogate locations, the outside plant structure costs already would be included in the model’s cost estimates. Thus, until the model uses updated customer location data, outside structure costs could be underestimated only to the extent that new locations would be along new roads. Moreover, AT&T argues that outside plant costs are not underestimated, but rather are overestimated. AT&T claims that the use of road surrogate data “greatly overestimates the dispersion in customer locations and, therefore, greatly exaggerates outside plant costs, and hence, per-line costs.”<sup>34</sup> We need not find AT&T’s claim to be accurate, however, to find that it is reasonable to use updated line counts in the model to determine support for the year 2001. As explained above, all of the costs associated with new lines and a substantial portion of the costs associated with “new” locations would be included in the model’s cost estimates.

14. Class of Service Allocations. We find that using the wire center line count data filed pursuant to the *1999 Data Request* is a reasonable method for allocating line counts to the classes of service used in the model. All commenters addressing this issue support this alternative, although AT&T suggests that it would be preferable to require the local exchange carriers to disaggregate into service classes the USF loops filed on July 31, 2000 (year-end 1999 lines).<sup>35</sup> We do not believe that carriers should be subject to additional reporting requirements at this time, because reasonably accurate class of service allocations can be made easily with the data we already have. We defer to a future proceeding how line count data should be reported by carriers for use in the model in the future.

15. For purposes of 2001 support, line counts shall be allocated to the classes of service used in the model by dividing the year-end 1999 lines reported by non-rural carriers into business lines, residential lines, payphone lines, and single line business lines for each wire center in the same proportion as the lines filed pursuant to the *1999 Data Request* (year-end 1998 lines).<sup>36</sup> As Worldcom points out, although this method reflects the overall line growth specific to the particular wire center, it assumes the same growth rate across service categories in that wire center.<sup>37</sup> Nevertheless, Worldcom suggests that we use this method because it is simpler than the proposed alternative, which makes a different assumption,

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<sup>34</sup> See AT&T Reply Comments at 3.

<sup>35</sup> See AT&T Comments at 5-6; Florida PSC Reply Comments at 4; Qwest Comments at 6-7; Worldcom Comments at 2.

<sup>36</sup> For each wire center we determine the fraction of the USF loops reported July 31, 2000, that should be categorized as business lines, residential lines, payphone lines, and single line business lines for use in the model. These fractions are calculated using the *1999 Data Request* lines for each wire center as follows: (1) the numerator is the relevant category -- business lines, residential lines, payphone lines, or single line business lines; and (2) the denominator is the sum of business lines, residential lines, and payphone lines. Single line business lines are not included in the denominator because they already are included in the number of business lines. See *1999 Data Request* at 4. USF loops for each wire center are then multiplied by the fractions calculated from the matching wire center in the *1999 Data Request* data to determine the line counts inputs for the matching wire center in the model.

<sup>37</sup> Worldcom suggests two methods of using the *1999 Data Request* information to allocate the year-end 1999 USF loops to the classes of service used in the model, “[n]either [of which] is certain to be exactly right.” See Worldcom Comments at 3-4.

and both alternatives are likely to give similar results in most cases.<sup>38</sup> We find that either method would be a reasonable way to use the *1999 Data Request* information to allocate the year-end 1999 lines to the switched lines categories used in the model and agree that we should use the simpler method.

16. We use a somewhat different method to determine the number of special lines in each wire center, because the wire center line counts reported by non-rural carriers (USF loops) include only switched lines.<sup>39</sup> Thus, we cannot simply take USF loops and divide them into the *1999 Data Request* line count categories. We conclude that, to determine the relevant number of special lines for each wire center, we shall divide the 1999 ARMIS special access lines among wire centers in the same proportion as the special lines from the *1999 Data Request*.<sup>40</sup> We find that this method of determining special access lines is preferable to either of those proposed by AT&T and Worldcom, which would include state private lines as well as interstate special access lines.<sup>41</sup> At this time, we find that only interstate special access lines should be included, as was done in the past. We also find that we should continue to count special lines as voice grade equivalents rather than as physical pairs, as suggested by Qwest.<sup>42</sup> We conclude this represents a reasonable way to calculate 2001 support amounts, pending any future proceedings to refine input values.

17. Matching Wire Centers. We conclude that when updating line counts for purposes of estimating forward-looking costs, the wire centers reported by carriers in their quarterly line count filings should be matched with wire centers found in the *1999 Data Request* and in the model's customer location data. The vast majority of the approximately 12,500 reported wire centers have matching records in these other data sets. In calculating support for the year 2001, we shall use information from other data sources to correct typographical errors, match wire centers at identical locations, or otherwise reconcile minor discrepancies in the wire center identifiers.<sup>43</sup> In addition, in the process of calculating support amounts for the year 2000, USAC staff received additional matching information from carriers, which shall be incorporated in the Commission's matching process for calculating support amounts for the year 2001. In a small number of cases no matches could be found. We find that line counts in wire centers reported by

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<sup>38</sup> The alternative method identified by Worldcom uses study area growth rates for different service categories, developed from ARMIS data, to adjust the line counts from the *1999 Data Request*. Then, these adjusted line counts are used to allocate the year-end 1999 USF loops. See Worldcom Comments at 3-4.

<sup>39</sup> Special lines are dedicated, non-switched lines.

<sup>40</sup> First we shall calculate the total number of special lines from the *1999 Data Request* by study area. Then, we shall calculate the fraction of study area total special access lines that are in each wire center as follows: (1) the numerator is the number of special lines from the *1999 Data Request* in the wire center; and (2) the denominator is the total number of special lines from the *1999 Data Request* in the study area. These fractions are multiplied by the number of special access lines in the study area from 1999 ARMIS filings to determine the number of special access lines by wire center for use in the model.

<sup>41</sup> See AT&T Comments at 6; Worldcom Comments at 4.

<sup>42</sup> Qwest argues that we should use "the physical pairs providing both special access lines and intrastate private lines, not the interstate special access channels that are currently used." See Qwest Comments at 6-7; see also Qwest Reply Comments at 3-4. U S West raised a similar issue in criticizing the Commission's methodology for estimating certain expense input values. See *Tenth Report and Order*, 14 FCC Rcd at 20327-28.

<sup>43</sup> For example, in some instances the wire center identifier, known as a CLLI<sup>tm</sup> code, contained a "-" in one list and an "\_" in another. In other instances one letter in an eight-letter CLLI code may have been different but the switch locations were the same in one of the following: the LERG, GDT, or Tariff 4.



carriers in their quarterly filings that cannot be matched will not be used to estimate average costs. Such lines will be used in determining support amounts, however, because these lines are included in the quarterly line counts that are used to calculate statewide support amounts, according to the methodology adopted in the *Twentieth Reconsideration Order*. We expect that on an ongoing basis we will find opportunities to make additional improvements in matching wire centers.<sup>44</sup>

18. Confidentiality. Most non-rural carriers claim that their wire center line count data are confidential.<sup>45</sup> In April 2000, the Commission denied requests for confidential treatment of quarterly wire center line count data to the limited extent that the number of lines in wire centers receiving support may be determined when the Commission releases per-line and total support amounts.<sup>46</sup> The Commission has not yet determined whether the line count data of wire centers that do not receive support should be afforded confidential treatment and has made such data available to interested parties under the terms of the *Interim Protective Order*.<sup>47</sup> We do not decide, at this time, whether the data submitted pursuant to the *1999 Data Request* should be afforded confidential treatment. The Commission will resolve the separate but related issues raised by these confidentiality requests at a later date. Pending resolution of these issues, the line count data filed pursuant to the *1999 Data Request* will be made available only pursuant to the *Interim Protective Order* previously adopted in this proceeding.<sup>48</sup>

#### IV. ORDERING CLAUSES

19. Accordingly, IT IS ORDERED that, pursuant to the authority contained in sections 1-4, 201-205, 214, 218-220, 254, 303(r), 403, and 410 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154, 201-205, 214, 218-220, 254, 303(r), 403, and 410, and section 1.108 of the

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<sup>44</sup> For instance, two commenters addressing this issue offered their assistance. See AT&T Comments at 7-8; Worldcom Comments at 5.

<sup>45</sup> Aliant, Anchorage Telephone Utility, Bell Atlantic, BellSouth, Cincinnati Bell, Frontier, GTE, Puerto Rico Telephone Company, Roseville, SBC, and Sprint requested confidential treatment of the *1999 Data Request* data. Anchorage Telephone Utility, Bell Atlantic, BellSouth Corporation, GTE, SBC, Sprint, and U S West (now Qwest) requested confidential treatment of quarterly line count data at the wire center level filed pursuant to sections 36.611 and 36.612 of the Commission's rules. The only incumbent local exchange carrier raising confidentiality issues in response to the Bureau's request for comment on updating line counts is BellSouth, which claims it has always treated class of service information as confidential business information and has not publicly disclosed such information. BellSouth has no objection to updating line count information, if the Commission is willing to maintain the confidentiality of the data. See BellSouth Comments. AT&T argues that the updated line count data for wire centers that receive support should be made publicly available, but that BellSouth's concerns could easily be eliminated by implementing an appropriate protective order. See AT&T Reply Comments at 2.

<sup>46</sup> See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Order, 15 FCC Rcd 8746 (2000) (*Wire Center Line Count Order*).

<sup>47</sup> See *Interim Protective Order*, 15 FCC Rcd 10,183. On May 12, 2000, the Bureau released a Public Notice requesting comment on the confidential treatment of wire center line count data filed pursuant to sections 36.611 and 36.612 of the Commission's rules. See *Common Carrier Bureau Seeks Comment on Requests for Confidential Treatment of Wire Center Line Count Data*, CC Docket No. 96-45, Public Notice, DA 00-1068 (rel. May 12, 2000) (*May 12 Public Notice*).

<sup>48</sup> See *Interim Protective Order*, 15 FCC Rcd 10183.

Commission's rules, 47 C.F.R. § 0.91(f), this ORDER IS ADOPTED.

FEDERAL COMMUNICATIONS COMMISSION

Dorothy T. Attwood  
Chief, Common Carrier Bureau