

(Note: No changes to the Schedule S will be required to accommodate the off-axis EIRP requirement for earth stations.)

Federal Communications Commission.

**Marlene H. Dortch,**

*Secretary.*

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## FEDERAL COMMUNICATIONS COMMISSION

[CC Docket Number 96-45; DA 06-55]

### Federal-State Joint Board on Universal Service, National Exchange Carrier Association, Inc. 2006 Modification of Average Schedule Universal Service Formulas

**AGENCY:** Federal Communications Commission.

**ACTION:** Notice.

**SUMMARY:** In this document, each year, the Commission must review and approve or modify any proposed modifications to the formulas used to calculate Part 36 high-cost loop support and local switching support for average schedule companies.

**FOR FURTHER INFORMATION CONTACT:** Cara Voth, Senior Attorney, Wireline Competition Bureau, Telecommunications Access Policy Division, (202) 418-7400, TTY (202) 418-0484.

**SUPPLEMENTARY INFORMATION:** This is a summary of the Commission's Order in CC Docket No. 96-45 released on January 12, 2006. The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY-A257, 445 12th Street, SW., Washington, DC 20554.

#### I. Introduction

1. In the Order, each year, the Commission must review and approve or modify any proposed modifications to the formulas used to calculate Part 36 high-cost loop support and local switching support for average schedule companies. Historically, the National Exchange Carrier Association, Inc. (NECA) has filed the annual average schedule company formula modifications for both Part 36 high-cost loop support and local switching support. Pursuant to § 54.301(f) of the Commission's rules, however, the Universal Service Administrative Company (USAC) now submits the proposed formula for local switching support. The Commission's rules require that these formulas simulate the disbursements that would be received

by a company that is representative of average schedule companies.

2. On August 30, 2005, NECA filed proposed modifications to the current high-cost loop universal service formula for average schedule companies, requesting that they take effect on January 1, 2006, and remain in effect through December 31, 2006. On September 30, 2005, USAC filed proposed modifications to the current local switching support formula for average schedule companies. On October 20, 2005, the Wireline Competition Bureau (Bureau) issued a public notice soliciting comments on NECA's high-cost support filing. For the reasons discussed below, we approve USAC's modified local switching support formula and, with respect to Part 36 high-cost support, we adopt NECA's cost per loop (CPL) formula. As we have done previously, we direct USAC to provide support to average schedule carriers consistent with this Order retroactive to January 1, 2006.

#### II. Local Switching Support Formula

3. The local switching support formula is used to determine the amount of support for switching costs that will be provided to average schedule companies from the Commission's universal service high-cost support mechanism. The current interstate local switching support formula was approved on December 30, 2004. In its September 30, 2005, filing, USAC proposes a formula for 2006 that, if approved, would increase annual payments for local switching support from approximately \$83.7 million in 2005 to approximately \$85.8 million in 2006, an increase of approximately 2.5 percent. We have reviewed USAC's filing and the supporting information in *NECA's 2005 Modification of Average Schedules* and find that the method used to develop this year's proposed formula is the same method that NECA has used to develop the formula we approved during the last payment period. Consistent with the Bureau's prior orders, we approve USAC's proposed 2006 average schedule local switching support formula.

4. USAC's average schedule local switching support filing provided only its proposed 2006 formulas. Supporting documentation for the 2006 local switching support formulas was filed eight months earlier in *NECA's 2005 Modification of Average Schedules*. In average schedule local switching support filings prior to 2005, NECA provided detailed explanations, supporting documentation, and data. Such a consolidated single filing of the formulas, necessary information, and

data enables us to conduct a more efficient review of local switching support filings. Thus, beginning with the local switching support filing due in 2006, and for all subsequent filings, we require USAC to provide at least the same level of explanative detail and data that NECA had included previously with its average schedule local switching support formula filings.

#### III. Discussion

5. Consistent with our reasoning in our *2003 Order, Federal-State Joint Board on Universal Service* in CC Docket No. 96-45, DA 02-3587, released on December 27, 2002; *2004 Order, Federal-State Joint Board on Universal Service* in CC Docket No. 96-45, DA 03-4063, released on December 24, 2003; and *2005 Order, Federal-State Joint Board on Universal Service* in CC Docket No. 96-45, DA 04-4070, released on December 30, 2004, we adopt the CPL formula for purposes of calculating average schedule company expense adjustments for 2006. In previous average schedule formula filings, NECA conceded that the CPL formula better estimates cost per loop, but argued that the Bureau should instead approve NECA's EAPL formula because NECA believes it better estimates the expense adjustments that an average schedule carrier should receive. We again find, however, that we are not required to adopt a formula based on its ability to predict expense adjustments per loop, *i.e.*, "disbursements," compared to a formula's ability to predict costs per loop. The Bureau has consistently held, and the Commission has upheld, that the appropriate high-cost loop support formula should reasonably approximate the cost per loop of the sample average schedule companies and allocate funds accurately to average schedule companies. Because the CPL formula provided by NECA in its filing better estimates the cost per loop of sample average schedule companies than the proposed EAPL formula, based on the current record, the Bureau concludes, as it did in its *2003 Order*, that the CPL formula is a more appropriate means of calculating universal service high-cost loop support for average schedule companies. Because NECA's submission of the results derived from the CPL formula appear to be accurate and complete, we therefore approve the CPL formula results provided in NECA's August 30, 2005 submission.

6. Although today, based on the current record, we approve NECA's CPL formula for 2006, which is essentially the same CPL formula filed since 2002 adjusted for changes in the sample cost data, we are concerned about yearly

increases in high-cost loop support. For the three years beginning with 2004, and ending with the estimate of high-cost loop support for 2006, high-cost loop support provided to average schedule companies has increased by 16.4 percent, 38.7 percent, and 41.6 percent, respectively. NECA states that increases in support are primarily driven by the increases in costs reported by sample average schedule companies. Although support for 2006 is estimated to be going up by over 41%, NECA's filing also shows that the support will be provided to more carriers. We also note that the increase in NECA's high-cost loop support estimate is due, in part, to NECA's implementation of loop count reporting modifications pursuant to a 2004 Commission order. NECA makes marginal reference to this order without specific details of the effect on universal service fund payments resulting from its implementation of the loop count adjustment. For future filings, we find that NECA should clearly disclose and quantify any significant modifications to the development of average schedule universal service formulas in its annual average schedule universal service filings. We require NECA to disclose when a Commission order or rule change causes a change in aggregate universal service support to average schedule companies by more than five percent of the previous year's universal service support. Similarly, we require USAC to disclose when a Commission order or rule change causes a change in aggregate local switching universal service support to average schedule companies by more than five percent of the previous year's support.

**IV. Ordering Clauses**

7. Pursuant to §§ 0.91 and 0.291 of the Commission's rules, 47 CFR 0.91, 0.291, that the average schedule formula proposed by the Universal Service Administrative Company on September 30, 2005, for local switching support IS adopted, effective retroactively as of January 1, 2006.

8. Pursuant to §§ 0.91 and 0.291 of the Commission's rules, 47 CFR 0.91, 0.291, that the average schedule cost per loop formula described by the National Exchange Carrier Association on August 30, 2005, for high-cost loop support is adopted, effective retroactively as of January 1, 2006.

9. Pursuant to section 4(i) of the Communications Act of 1934, as Amended, 47 U.S.C. 154(i), §§ 0.91 and 0.291 of the Commission's rules, 47 CFR 0.91, 0.291, that this order is effective upon its release.

Federal Communications Commission.

**Cathy Carpino,**

*Deputy Chief, Wireline Competition Bureau, Telecommunications Access Policy Division.*

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**FEDERAL COMMUNICATIONS COMMISSION**

**[AU Docket No. 06-30; Report No. AUC-06-66-A (Auction No. 66); DA 06-238]**

**Auction of Advanced Wireless Services Licenses Scheduled for June 29, 2006 Comment Sought on Reserve Prices or Minimum Opening Bids and Other Procedures**

**AGENCY:** Federal Communications Commission.

**ACTION:** Notice.

**SUMMARY:** This document announces the auction of Advance Wireless Services licenses in the 1710-1755 MHz and 2110-2155 MHz (AWS-1) bands. The auction is scheduled to commence on June 29, 2006. This document also seeks comments on reserve prices or minimum opening bids and other procedures for Auction No. 66.

**DATES:** Comments are due on or before February 14, 2006 and reply comments are due on or before February 28, 2006.

**ADDRESSES:** Comments and reply comments may be submitted using the Commission's electronic comment filing system (ECFS) at <http://www.fcc.gov/cgb/ecfs/>. The Wireless

Telecommunications Bureau (Bureau) also requested that a copy of all comments and reply comments be submitted by electronic mail to the following address: [auctions66@fcc.gov](mailto:auctions66@fcc.gov).

**FOR FURTHER INFORMATION CONTACT:** For legal questions: Scott Mackoul at (202) 418-0660. For general auction questions: Lisa Stover at (717) 338-2888.

For service rules questions: Peter Corea at (202) 418-2487.

**SUPPLEMENTARY INFORMATION:** This is a summary of the Auction No. 66 Comment Public Notice released on January 31, 2006. The complete text of the Auction No. 66 Comment Public Notice, including attachments and related Commission documents is available for public inspection and copying from 8 a.m. to 4:30 p.m. Monday through Thursday or from 8 a.m. to 11:30 a.m. on Friday at the FCC Reference Information Center, Portals II, 445 12th Street, SW., Room CY-A257, Washington, DC 20554. The Auction No. 66 Comment Public Notice and related Commission documents may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc. (BCPI), Portals II, 445 12th Street, SW., Room CY-B402, Washington, DC, 20554, telephone 202-488-5300, facsimile 202-488-5563, or you may contact BCPI at its Web site: <http://www.BCPIWEB.com>. When ordering documents from BCPI please provide the appropriate FCC document number for example, DA 06-238. The Auction No. 66 Comment Public Notice and related documents are also available on the Internet at the Commission's Web site: <http://wireless.fcc.gov/auctions/66/>.

**I. Licenses To Be Offered at Auction**

1. The 90 megahertz of spectrum in the AWS-1 bands consists of 1,122 licenses: 36 Regional Economic Area Grouping (REAG) licenses, 352 Economic Area (EA) licenses, and 734 Cellular Market Area (CMA) licenses.

2. License Descriptions. The following table describes the AWS-1 licenses:

Block	Frequency bands (MHz)	Total bandwidth (MHz)	Geo-graphic area type	Number of licenses
A .....	1710-1720/2110-2120	20	CMA .....	734
B .....	1720-1730/2120-2130	20	EA .....	176
C .....	1730-1735/2130-2135	10	EA .....	176
D .....	1735-1740/2135-2140	10	REAG .....	12
E .....	1740-1745/2140-2145	10	REAG .....	12
F .....	1745-1755/2145-2155	20	REAG .....	12