

DATES: Effective March 12, 2003.

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SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Order in CC Docket No. 96-45 released on January 7, 2003. 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. The Bureau adopts the Delphi version of the forward-looking cost model, which has been translated from Turbo-Pascal computer language, for calculating high-cost universal service support for non-rural carriers. The Bureau also finds that certain technical improvements are necessary to ensure that the forward-looking cost mechanism operates as designed in the *Fifth Report and Order*, 63 FR 63993, November 18, 1998. To avoid the possibility of two successive changes in support amounts within a relatively short period of time, the Bureau shall defer calculating support for non-rural carriers using the Delphi version of the forward-looking cost model with incorporated technical improvements until the effective date of an order in the separate proceeding addressing the non-rural high-cost support methodology adopted in the *Ninth Report and Order*, 64 FR 67416, December 1, 1999, which was remanded to the Commission by the United States Court of Appeals for the Tenth Circuit. The Bureau finds, however, that adopting the Delphi version with incorporated technical improvements at this time is appropriate to enable its staff to perform necessary work to determine cost per loop estimates used to calculate high-cost support and to allow the Commission to consider such estimates in conjunction with its review of the Federal-State Joint Board on Universal Service's (Joint Board) recommendations in the *Ninth Report and Order* remand proceeding.

II. Discussion

2. In this Order, the Bureau determines that it should use the Delphi version of the forward-looking cost model for calculating and targeting support for non-rural carriers. The Bureau also finds that the technical improvements incorporated into the Delphi version of the model and

discussed herein are necessary and appropriate to ensure that the forward-looking cost mechanism operates as designed in the *Fifth Report and Order*. As discussed below, calculating support using the Delphi version of the cost model with incorporated technical improvements could lead to changes in support amounts. The *Ninth Report and Order* remand proceeding also could lead to modifications of the non-rural high-cost support methodology that, in turn could lead to changes within a relatively brief time in support amounts. To avoid the possibility of two successive changes in support amounts resulting from adoption of the Delphi version with incorporated technical improvements and thereafter a final Commission action in the *Ninth Report and Order* remand proceeding, the Bureau shall defer calculating support for non-rural carriers using the Delphi version with incorporated technical improvements until the effective date of an order in the *Ninth Report and Order* remand proceeding.

3. *Translation to Delphi Computer Language.* The Bureau concludes that it is appropriate to use the outside plant portion of the forward-looking cost model that has been translated to Delphi computer language. Delphi, essentially an upgraded version of the previously used Turbo-Pascal language, is a more advanced and easier-to-use computer language than Turbo-Pascal. In particular, unlike Turbo-Pascal, Delphi computer language allows a user to step through the source code line-by-line. This improvement will allow the Bureau and interested parties to better understand and follow the logic of the model in reaching its results. In addition, the Delphi computer language processes data more quickly and is more adaptable to the Windows operating system than Turbo-Pascal. As such, translation to Delphi will enable the Bureau and interested parties to more easily use and analyze the cost model and its results.

4. The Bureau deferred adoption of Delphi computer language for the model last year in part to allow it to consider arguments that it should instead adopt a version of the outside plant portion of the model in Visual Basic computer language submitted by Qwest. Based on an examination of the record developed in response to the *Delphi Public Notice*, 66 FR 34447, June 28, 2001, the Bureau does not adopt the Visual Basic model submitted by Qwest for the reasons stated below. Because Delphi computer language uses the same logic in its programming steps as Turbo-Pascal, the translation to Delphi does not fundamentally change the organization

of the model logic. Interested parties and Bureau staff already have invested a substantial amount of time understanding, testing, and fine tuning the Turbo-Pascal and Delphi computer code. Visual Basic, on the other hand, is an entirely different computer language. As a result, the Bureau finds it would be less reasonable to adopt the Visual Basic version than the Delphi translation. Rather, on this record, the Bureau finds it appropriate to use the outside plant portion of the model that has been translated to Delphi computer language.

5. *Technical Improvements.* As noted above, the Commission foresaw that technical improvements would be necessary to ensure that the model operates as designed and instructed the Bureau to implement such improvements where necessary and appropriate. After posting a Delphi version of the model, the Bureau sought recommendations on improvements to that Delphi version, incorporated technical improvements where necessary, and then posted a revised Delphi version of the model on the Bureau's website. In the *2002 Line Counts Update Order*, 67 FR 3118, January 23, 2002, the Bureau stated that more time was needed to study the effect these improvements would have on high-cost support calculations.

6. After investigating the various technical improvements incorporated into the posted Delphi version of the model, the Bureau discovered that two changes in particular impacted cost estimates generated by the model, which in turn could affect high-cost support calculations. First, a correction was made to locate drop terminals using the 360 feet square grid cell assumption adopted in the *Fifth Report and Order*, 63 FR 63993, November 18, 1998, rather than 1000 feet square grid cells. This correction places drop terminals closer to customer locations and results in an overall decrease in distribution cable and structure costs. Second, Bureau staff corrected the coding that caused the model to read the wrong row of input tables for drop terminal, manhole, and service area interfaces (SAIs) costs. This coding error caused the model to retrieve incorrect values for these outside plant inputs. Correcting this coding error results in higher costs in certain wire centers.

7. The Bureau finds that implementation of these technical improvements is necessary and appropriate to ensure that the model operates as designed in the *Fifth Report and Order*. The Bureau analysis indicates that these technical improvements cause small changes in