

the Commission with a more useful picture of the local rates charged in rural areas? Would requiring States to file business rate data unduly increase the administrative burdens on States associated with the rate review and expanded certification process? Is there any reason why the Commission should or should not concentrate solely on residential rates in assessing the state of rate comparability nationwide?

4. We also seek comment on whether we should collect data related to rates in non-rural areas served by non-rural carriers. While the rules we adopt today will result in the collection of some data regarding the rates in rural areas served by non-rural carriers, collecting non-rural rate data would provide the Commission with more complete data. To what extent would collecting rate information for non-rural areas in addition to rural areas provide the Commission with useful data to assess the reasonable comparability of rural and non-rural rates nationwide? To what extent would the collection of such data permit the Commission to assess the reason for high rural rates? For example, if a State's rates in areas other than rural areas were also above the benchmark, would it indicate that an adjustment to the Federal support mechanism was warranted? To what extent would collecting non-rural rate information aid the Commission in assessing whether States are fulfilling their obligations to promote the Act's goals? To what extent would requiring States to file non-rural rate data unduly increase the administrative burdens on the States associated with the rate review process?

5. With additional rate data, should states be required to file information annually related to their efforts to advance universal service by adopting explicit universal service mechanisms, such as the establishment of explicit State universal service funds? To what extent would such information aid the Commission in assessing the sources of any problems with rate comparability to determine whether additional actions are necessary at the Federal level? If we conclude that such information should be collected, what specific information should each State be required to file? For example, should each State be required to file data related to the existence and size of any explicit universal service support mechanisms established in the State? Should States be required to identify implicit support flows in the rate structure, including implicit support flowing from business line rates to residential line rates, from geographically averaged rates, and from intrastate access charges? Commenters

should identify any other information related to the establishment of explicit universal service policies that would assist the Commission in refining our comprehensive plan for supporting universal service in high-cost areas over time.

B. Calling Scopes

6. We seek comment on the role of calling scopes in the rate review process. The foregoing Order permits a State to consider the calling scopes available in rural areas served by non-rural carriers when reviewing whether rates in those areas are comparable to urban rates nationwide. Calling scopes are not included in the rate template, however, and States need not consider them if they choose to certify based on the safe harbor. To what extent should States be encouraged to consider the calling scopes available in rural areas served by non-rural carriers in assessing rate comparability? Should the Commission incorporate calling scopes into the safe harbor? If so, how would the Commission do so? To what extent would consideration of calling scopes increase the burdens associated with the rate review process? Commenters should describe in detail any proposed methodologies for normalizing the impact of calling scopes on rates. Alternatively, should the Commission provide States with additional guidance as to how calling scopes may be factored into their rate comparability analyses, if States decide that this is appropriate? What data would be useful for analyzing the calling scopes available in rural and urban areas?

C. Procedures for Filing and Processing Any State Requests for Further Federal Action

7. Consistent with the Joint Board's recommendation, we recognize that the procedures for filing and reviewing State requests for further Federal action should be as specific and predictable as possible, while also providing the necessary flexibility for each State to demonstrate the unique circumstances involved in its request. We also note that the Joint Board did not recommend a specific method for calculating any additional targeted Federal support, if necessary, and the present record does not provide an adequate basis for us to determine an appropriate method. Accordingly, we seek comment below on several interrelated issues. First, we seek comment on the timing of State requests for further Federal action. Second, we seek comment on the showing that a State should be required to make in order to demonstrate a need for further Federal action. Third, we

seek comment on the types of further Federal action that may be provided to requesting States if the Commission determines that further Federal action is necessary in a particular instance, including possible methods of calculating any additional targeted Federal support.

1. Timing of Requests for Further Federal Action

8. The Joint Board recommended that the Commission develop exact procedures to be used in the filing and processing of requests for further Federal action. We propose that a State should be permitted to make a request for further Federal action only concurrently with the filing of its expanded certification regarding the comparability of its rural rates in areas served by non-rural carriers. We anticipate that any State request for further Federal action will arise from the State rate review process and the expanded certification, and any State requests for further Federal action are likely to rely on the same data. Therefore, we believe that requiring the filing of any State requests at the time of the expanded certification will promote administrative simplicity. We seek comment on this proposal.

9. We also seek comment on how frequently a State should be required to seek further Federal action if the State's request is granted the first time. Should a State be required to seek further Federal action every year? Should further Federal action be provided for a specified period of years? If so, should that period be dependent on the specific circumstances of a particular request?

2. Required Showings

10. We seek comment on the showings that a State should be required to make in support of a request for further Federal action, in the interest of making the process as specific and predictable as possible. The Joint Board's *Recommended Decision* suggests that two showings should be required: (1) A demonstration that rural rates in non-rural carrier service areas in the State are not reasonably comparable to urban rates nationwide, including an analysis of the rates in the basic service template and other relevant factors; and (2) a demonstration that the State has taken all reasonable actions to achieve reasonable comparability of its rural rates to urban rates nationwide, including an explanation of how the requesting State has used any Federal support currently received to achieve comparable rates and whether it has implemented a State universal service fund. We propose that these showings