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SUPPLEMENTARY INFORMATION:

OMB Control Number: 3060-0370.

Title: Part 32, Uniform System of Accounts for Telecommunications Companies.

Form Number: N/A.

Type of Review: Revision of a currently approved collection.

Respondents: Business or other for-profit.

Number of Respondents: 239.

Estimated Time per Response: 104-26,195 hours.

Frequency of Response: On occasion reporting requirement; recordkeeping requirement.

Total Annual Burden: 1,516,702 hours.

Total Annual Cost: N/A.

Privacy Impact Assessment: No impact(s).

Needs and Uses: The Uniform System of Accounts is a historical financial accounting system which reports the results of operational and financial events in a manner which enables both management and regulators to assess these results within a specified accounting period. Subject respondents are telecommunications companies. In the Report and Order, FCC 04-149, the Commission adopted the Joint Conference's recommendations to reinstate Part 32, Class A accounts which includes: Account 5230, Directory Revenue; Account 6621, Call Completion Services; Account 6622, Number Services; Account 6623, Customer Services; Account 6561, Depreciation Expense-Telecommunications Plant In Service; Account 6562, Depreciation Expense-Property Held for Future Telecommunications Use; Account 6563, Amortization Expense-Tangible; Account 6564, Amortization Expense-Intangible; Account 6565, Amortization Expense-Other. These accounting changes are mandatory only for non-mid-sized Class A Incumbent Local Exchange Carriers (ILECs). The reinstatement of these accounts, however, will not impose any additional burden on non-mid-sized Class A ILECs because the Commission's prior action to aggregate the accounts has been suspended. Similarly, the Commission's reinstatement of the sheath kilometer reporting requirement in the ARMIS 43-07 will not impose any additional burden on non-mid-sized Class A ILECs. Entities having annual revenues from regulatory telecommunications operations of less than \$123 million are designated as Class B and are subject to a less detailed accounting system than those designated as Class A companies.

Federal Communications Commission.

Marlene H. Dortch,

Secretary.

[FR Doc. 04-18146 Filed 8-6-04; 8:45 am]

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FEDERAL COMMUNICATIONS COMMISSION

[CC Docket No. 96-45; FCC 04-125]

Federal-State Joint Board on Universal Service

AGENCY: Federal Communications Commission.

ACTION: Notice.

SUMMARY: In this document, the Commission asks the Federal-State Joint Board on Universal Service to review the Commission's rules relating to the high-cost universal service support mechanisms for rural carriers and to determine the appropriate rural mechanism to succeed the five-year plan adopted in the *Rural Task Force Order*.

DATES: Effective September 8, 2004.

FOR FURTHER INFORMATION CONTACT:

Theodore Burmeister, Attorney, Wireline Competition Bureau, Telecommunications Access Policy Division, (202) 418-7400.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Order in CC Docket No. 96-45 released on June 28, 2004. The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY-A257, 445 Twelfth Street, SW., Washington, DC, 20554.

I. Introduction

1. In this Order, we ask the Federal-State Joint Board on Universal Service (Joint Board) to review the Commission's rules relating to the high-cost universal service support mechanisms for rural carriers and to determine the appropriate rural mechanism to succeed the five-year plan adopted in the *Rural Task Force Order*, (*RTF Order*). In particular, we ask the Joint Board to make recommendations to the Commission on a long-term universal service plan that ensures that support is specific, predictable, and sufficient to preserve and advance universal service. We ask the Joint Board to ensure that its recommendations are consistent with the goal of ensuring that consumers in rural, insular, and high-cost areas have access to telecommunications and information services at rates that are affordable and reasonably comparable to

rates charged for similar services in urban areas. We also ask the Joint Board to consider how support can be effectively targeted to rural telephone companies serving the highest cost areas, while protecting against excessive fund growth. In conducting its review, the Joint Board should take into account the significant distinctions among rural carriers, and between rural and non-rural carriers. We expect that the Joint Board will consider all options for determining appropriate support levels for rural carriers. We anticipate that the Joint Board will seek public comment on the issues described below.

II. Discussion

2. On June 30, 2006, the *RTF Order* will have been in place for five years. It therefore is time to undertake a review of what measures should succeed the RTF plan and, more generally, how the rural and non-rural high-cost support mechanisms function together. Fundamental changes are occurring in the industry, necessitating a thorough review of how to preserve and advance universal service. We are committed to maintaining predictable and sufficient universal service support in this dynamic marketplace.

3. We ask the Joint Board to consider what form of universal service support for rural telephone companies serves the goals of the Act most efficiently and effectively. Specifically, we ask the Joint Board to consider whether a universal service mechanism for rural carriers based on forward-looking economic cost estimates or embedded costs would most efficiently and effectively achieve the Act's goals. In making its recommendations, the Joint Board should consider which mechanism would best ensure that services in rural areas, including both the quality and the rates for those services, are reasonably comparable to services available in urban areas. Moreover, the Joint Board should consider both the benefits of maintaining distinct support mechanisms for rural and non-rural carriers and the extent to which this creates administrative burdens, incentives for arbitrage, or other inefficiencies. In the event that the Joint Board recommends retaining a separate support mechanism for rural carriers, we ask the Joint Board to consider how to ensure that the distinct mechanisms for rural and non-rural carriers operate efficiently and in a coordinated fashion.

4. If the Joint Board recommends that rural carriers should move to a support mechanism based on forward-looking costs, we ask the Joint Board to provide recommendations on how that goal should be achieved. The Joint Board

should consider whether the current forward-looking economic cost model, used in calculating high-cost support for non-rural telephone companies, is appropriate for some or all rural telephone companies, or if some other method for estimating forward-looking economic costs would be better suited for some or all rural telephone companies. The Joint Board should also consider whether the current model could be made more effective for rural telephone companies by using different inputs than are currently used for non-rural telephone companies. The Joint Board should consider implementation issues related to any modified mechanism that it recommends, including whether it would be appropriate for rural telephone companies to begin receiving high-cost support based on forward-looking economic costs immediately upon expiration of the plan adopted in the *RTF Order* or if some further transitional stages would be beneficial.

5. If the Joint Board recommends maintaining an embedded cost mechanism for rural carriers, the Joint Board should consider whether modifications to the current high-cost loop support mechanism and LSS would better serve the Act's goals. For example, the Joint Board should consider whether using average annual line counts rather than year-end line counts would provide rural carriers with a more appropriate level of high-cost loop support. We request that the Joint Board consider whether high-cost loop support can be more effectively targeted to the highest-cost rural carriers. We also note that LSS currently targets support to study areas with fewer than 50,000 access lines without regard to whether those study areas experience high switching costs. The Joint Board should consider if another methodology would better target support to areas with high switching costs. The Joint Board should also consider whether there is a continued need to maintain separate loop and switching support mechanisms, and whether support calculations for rural carriers can be simplified in any fashion.

6. In conjunction with considering whether maintaining a different support mechanism for rural carriers best serves the goals of the Act, we ask the Joint Board to consider whether to modify the definition of "rural telephone company." As noted above, we recognize the great diversity among rural telephone companies. This diversity may suggest that not all rural telephone companies have similar support requirements. Recognizing the great diversity among rural telephone

companies, we ask the Joint Board to consider whether support based on some form of forward-looking economic costs would be appropriate for some subset of rural telephone companies. For example, the Joint Board should consider whether it would be appropriate to use forward-looking economic cost estimates to determine high-cost support for rural telephone companies with more than 50,000 lines in a state, while smaller rural telephone companies would continue to use embedded costs on an interim or permanent basis. The Joint Board should consider whether a modified definitional framework that permits finer distinctions among carriers of different sizes or characteristics would be useful. We also ask the Joint Board to consider the relevance of the fact that many rural telephone companies are, in fact, the operating subsidiaries of larger holding companies, which may provide them economies of scale that are not realized by other non-affiliated rural telephone companies.

7. Because eligibility for certain types of high-cost universal service support is determined at the study area level, we ask the Joint Board to consider whether multiple study areas within a state should be consolidated for universal service support calculation purposes, when those study areas have common ownership. A study area is a geographic segment of an incumbent local exchange carrier's telephone operations and generally corresponds to an incumbent local exchange carrier's entire service territory within a state. For various reasons, however, an incumbent local exchange carrier may have more than one study area within a state. The Joint Board should consider whether we should modify the definition of "study area" to limit a holding company to one study area per state. By operating in multiple study areas in a given state, certain carriers may receive more high-cost universal service support than they would if their study areas within the state were combined. The Joint Board should consider whether requiring consolidation of study areas would better reflect the appropriate economies of scale of the service provider.

8. Finally, we ask that the Joint Board consider whether, in the event we retain two distinct mechanisms for rural and non-rural carriers, we should retain or further modify § 54.305 of the Commission's rules, which provides that carriers that acquire exchanges receive support for those exchanges based on the exchanges' pre-transfer level of support. In adopting § 54.305, the Commission intended to discourage carriers from transferring exchanges

merely to increase their share of high-cost support. The Joint Board should consider the costs and benefits of retaining § 54.305 in its present form, and evaluate whether alternatives exist that would more effectively prevent carriers from acquiring exchanges in order to maximize the amount of universal service support that they receive. The Joint Board should also consider whether the safety valve mechanism contained in § 54.305 provides sufficient incentives for investment in acquired exchanges.

III. Ordering Clauses

9. Pursuant to sections 1, 4(i) and (j), 214(e), 254, and 410 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(j), 214(e), 254, and 410, that this Order is adopted.

10. Pursuant to sections 1, 4(i) and (j), 214(e), 254, and 410 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(j), 214(e), 254, and 410, that the Federal-State Joint Board on Universal Service is requested to review the Commission's rules relating to high-cost universal service support for rural telephone companies and other related issues described herein and provide recommendations to the Commission.

Federal Communications Commission.

Marlene H. Dortch,
Secretary.

[FR Doc. 04-17900 Filed 8-6-04; 8:45 am]

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FEDERAL COMMUNICATIONS COMMISSION

[WC Docket No. 02-60; DA 04-2347]

Deadline for Completing Funding Year 2003 Application Process for Rural Health Care

AGENCY: Federal Communications Commission.

ACTION: Notice.

SUMMARY: This document announces the deadline for completing Rural Health Care program applications by filing the FCC Form 466, for those rural health care providers seeking discounts for Funding Year 2003 under the rural health care universal service support mechanism.

DATES: Filing deadline is September 20, 2004.

FOR FURTHER INFORMATION CONTACT: Gina Spade, Assistant Chief, Telecommunications Access Policy Division, Wireline Competition Bureau (202) 418-7400, TTY (202) 418-0484.