

Implementation of the FCC ICC/USF Reform Order

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Implementing the New Regime within the FCC Order

“[T]he FCC Order . . . triggers a series of compliance obligations and associated deadlines that involve both regulated telecommunications carriers and State utility commissions.”

-- PA PUC March 22 Order, at 1.
[emphasis supplied]

Keep Focus on Critical Actions & Dates

- “Critical importance are the upcoming intrastate intercarrier compensation reforms to be implemented July 1, 2012.”
- The access reforms are the foundation on which the *downstream* processes are based.
- Must get access reforms done:
 - done right,
 - done completely, and
 - done on time.

States Have a Key Role

- Enforcement duties: scope, accuracy, timeliness, and completeness.
- Policing of carrier actions, so that their implementation does not enable a “windfall and/or double recovery.”
- Ensure consistency with uniform federal framework.
- Access reform drives Eligible Recovery.
- Coordinates with FCC recovery mechanisms.

Implementation: Data Requirements

- Commission has started process with draft templates.
- Critical data:
 - 1) FY 2011 intrastate demand volume, by rate element. (proprietary)
 - 2) Intrastate access rates in effect on Dec. 29, 2011. (public)
 - 3) Interstate access rates in effect on of Dec. 29, 2011. (public)
- Additional data:
 - A notification of the rate structure option elected by the carrier and utilized for the July 1, 2012 filing, pursuant to §51.907(b)(2)(iv) or §51.909(b)(2)(iv).
 - Where rate structures differ, a mapping of intrastate to interstate rate structure, needed for the interstate-rated revenue calculation.
 - A description of the carrier's methodology used to establish the revised intrastate rates.

Implementation:

Reforming the Carrier Charge (CC) is Critical

- Verizon correctly described compliant CC/CCL reform.
 - Carriers tariff comingled CC as dollars/cents per line, per month.
 - For billing, carriers apply CC to both originating and terminating access, resulting an effective per-minute charge on each minute, originating and terminating.
 - FCC rules require CC to be reduced on terminating side.
 - FCC rules do not require CC reduction on originating side.
 - Need to monitor per-minute effective rate for the CC on originating traffic, when reducing terminating
VZ and Price-cap carriers cannot increase originating rates.
 - *It is no longer feasible to charge the CC on a per-line, per month basis*, and the best option to ensure compliant rates is to convert originating CCL to a per minute rate based on FY 2011 volumes.

Implementation: Enforcement

- Establish presumption that for any carrier failing to file proper rate reductions, that carrier's intrastate access tariffs become null and void as of July 1, 2012.
- To date, MD, OH and AL commissions have put this mechanism in place, following MA's lead from a prior proceeding.

Keep Focus on Critical Actions & Dates

- “Critical importance are the upcoming intrastate intercarrier compensation reforms to be implemented July 1, 2012.”
- Assure all carriers -- CLECs and all ILECs, file data and tariffs.
- Collect historical rate & FY2011 volume data earlier to prepare materials in advance to ease peak work load in June filings.
 - Map access elements where rate structures do not align (ECR to LTR).
 - Audit data as necessary to validate it satisfies the 3 criteria.
- Avoid suspension, since it generates more headaches.
- Approve access filings for effect on July 1, 2012.
- Cross check Eligible Recovery data with FCC and mid-June filings.
- Follow up any filings conditionally approved.
- Address enforcement actions & carrier disputes.