

May 25, 2019

**TO:** PTA Member Companies  
**FROM:** Steve Samara   
**RE:** Intrastate Access Rate Changes - Step 8

The Pennsylvania Public Utility Commission (PUC) released an Order (attached) regarding Step 8 of the Federal Communications Commission's Access Rate Reduction requirement as stated in the FCC's Order released November 18, 2011.

Companies should plan on following the schedule below:

May 28	Companies that participate in PTA's Access tariff or companies that have their own, but would like PTA to file on their behalf, must have the new rates and supporting data to PTA by this date.
June 3	ILEC filings due to the PUC
June 17	CLEC filings due to the PUC
July 2	Effective date of tariff filing

If you have any questions, don't hesitate to contact PTA at 717-238-8311.

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held May 23, 2019

Commissioners Present:

Gladys Brown Dutrieuille, Chairman  
David W. Sweet, Vice Chairman  
Norman J. Kennard  
Andrew G. Place  
John F. Coleman, Jr.

Implementation of the Federal Communications  
Commission's Order of November 18, 2011 as  
Amended or Revised and Coordination with Certain  
Intrastate Matters

M-2012-2291824

**ORDER**

**BY THE COMMISSION:**

In accordance with our previous Orders<sup>1</sup> in this proceeding, this Commission is continuing with the implementation of the substantial changes to the intercarrier compensation regime ordered by the Federal Communications Commission (FCC) in its decision, *In re: Connect America Fund*, Docket No. 10-90, *et.al.*<sup>2</sup> The *FCC Order* triggers a series of compliance obligations and associated deadlines that involve both regulated telecommunications carriers and state utility commissions.

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<sup>1</sup> See *Implementation of the Federal Communications Commission's Order of November 18, 2011 as Amended or Revised and Coordination with Certain Intrastate Matters*, Docket No. M-2012-2291824 (Orders entered March 22, 2012; April 18, 2013; April 23, 2014; April 23, 2015; April 21, 2016; and May 3, 2018). See also *Investigation Regarding Intrastate Access Charges and IntraLATA Toll Rates of Rural Carriers and The Pennsylvania Universal Service Fund*, Docket No. I-00040105; *AT&T Communications of Pennsylvania, et al. v. Armstrong Telephone Company-Pennsylvania, et al.*, Docket No. C-2009-2098380, *et al.*; *Implementation of the Federal Communications Commission's Order of November 18, 2011 as Amended or Revised and Coordination with Certain Intrastate Matters*, Docket No. M-2012-2291824 (Order entered May 10, 2012).

<sup>2</sup> See *Connect America Fund et al.*, WC Docket No. 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 18149, para. 1404 (2011), (hereinafter "*FCC Order*"), *pets. for review denied sub nom. In re: FCC 11-161*, 753 F.3d 1015 (10<sup>th</sup> Cir. 2014), *cert. denied*, 83 U.S.L.W. 3835, May 4, 2015 (Nos. 14-610 *et al.*).

## BACKGROUND

The *FCC Order*, *inter alia*, directs a multiyear transition from current intrastate switched access rates to initial parity with federal interstate switched access rates for terminating traffic, and a subsequent movement to bill-and-keep. At the outset of this transition, the FCC required incumbent local exchange carriers (ILECs) classified as price cap carriers at the federal level (Price Cap ILECs) to cap the intrastate access rate elements referenced in 47 C.F.R § 51.907 at their levels in effect December 29, 2011. Similarly, ILECs classified as rate-of-return (ROR) carriers at the federal level (ROR ILECs) were required to cap, at the levels in effect December 29, 2011, the intrastate access rate elements referenced in 47 C.F.R § 51.909.<sup>3</sup>

Subsequently, the *FCC Order* directs a multiyear process under which ILECs are to make filings effective July 1 of each year to transition gradually certain interstate and intrastate access rates to bill-and-keep. The intrastate access rate reductions apply to Transitional Intrastate Access Services (TIAS) as defined in 47 C.F.R. § 51.903(j). A generally corresponding transition is also contemplated for the intrastate switched access rates of competitive local exchange carriers (CLECs) in accordance with the FCC's benchmarking rule.<sup>4</sup>

Through our Order entered March 22, 2012, in this proceeding, the Commission initiated its FCC Order Implementation proceeding. The Commission invited comments on the implementation of the *FCC Order* and conducted an on-the-record technical collaborative session on April 20, 2012.

Subsequently, through our May 10, 2012 Order, the Commission entered a Consolidated Short Form and Protective Order addressing, *inter alia*, implementation of Step 1<sup>5</sup> of the transition of the intrastate intercarrier compensation regime to bill-and-keep as contemplated by the *FCC Order*. Through subsequent annual Orders in this

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<sup>3</sup> *FCC Order* ¶¶ 801, 26 FCC Rcd 17934, *slip op.* at 271. 47 C.F.R. § 51.907(a) and § 51.909(a).

<sup>4</sup> *FCC Order* ¶¶ 801, 807, 26 FCC Rcd 17934, 17938, *slip op.* at 271, 274. 47 C.F.R § 51.911.

<sup>5</sup> 47 C.F.R. § 51.907(b), § 51.909(b) and § 51.911(b).

proceeding we addressed Steps 2,<sup>6</sup> 3,<sup>7</sup> 4,<sup>8</sup> 5,<sup>9</sup> 6,<sup>10</sup> and 7<sup>11</sup> of that transition. In this Order, we address the implementation of Step 8<sup>12</sup> of that transition.

## DISCUSSION

The importance of state utility commission involvement and oversight in the intercarrier compensation reform process was specifically recognized by the FCC:

Because carriers will be revising intrastate access tariffs to reduce rates for certain terminating switched access rate elements, and capping other intrastate rates, states will play a critical role implementing and enforcing intercarrier compensation reforms. In particular, state oversight of the transition process is necessary to ensure that carriers comply with the transition timing and intrastate access charge reductions outlined above. Under our framework, rates for intrastate access traffic will remain in intrastate tariffs. As a result, to ensure compliance with the framework and to ensure carriers are not taking actions that could enable a windfall and/or double recovery, state commissions should monitor compliance with our rate transition; review how carriers reduce rates to ensure consistency with the uniform framework; and guard against attempts to raise capped intercarrier compensation rates, as well as unanticipated types of gamesmanship. Consistent with states' existing authority, therefore, states could require carriers to provide additional information and/or refile intrastate access tariffs that do not follow the framework or rules adopted in this Order. Moreover, state commissions will continue to review and approve interconnection agreements and associated reciprocal compensation rates to ensure that they are consistent with the new federal framework and transition. Thus, we will be working in partnership with states to monitor carriers' compliance with our rules, thereby ensuring that consumers throughout the country will realize the tremendous benefits of ICC reform.<sup>13</sup>

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<sup>6</sup> 47 C.F.R. § 51.907(c), § 51.909(c) and § 51.911(c).

<sup>7</sup> 47 C.F.R. § 51.907(d), § 51.909(d) and § 51.911(c).

<sup>8</sup> 47 C.F.R. § 51.907(e), § 51.909(e) and § 51.911(c).

<sup>9</sup> 47 C.F.R. § 51.907(f), § 51.909(f) and § 51.911(c).

<sup>10</sup> 47 C.F.R. § 51.907(g), § 51.909(g) and § 51.911(c).

<sup>11</sup> 47 C.F.R. § 51.907(h), § 51.909(h) and § 51.911(c).

<sup>12</sup> 47 C.F.R. § 51.909(i) and § 51.911(c).

<sup>13</sup> *FCC Order* ¶ 813, 26 FCC Rcd 17940, *slip op.* at 277 (footnotes omitted). *See also* ¶ 803 and ¶ 880, 26 FCC Rcd 17936, 17971, *slip op.* at 273, 308.

## **Step 8 Access Charge Revisions and Supporting Information**

Unlike prior years, the Step 8 access charge revisions apply only to ROR ILECs and CLECs that benchmark their access rates to a ROR ILEC. For Step 8, each ROR ILEC shall establish interstate and intrastate rates for terminating end office access service that do not exceed \$0.0007 per minute.

All ILEC tariff submissions must be accompanied by supporting information that demonstrates that the filed rates for all services are in compliance with FCC rules.

Pursuant to 47 C.F.R. § 51.911(c), all CLEC rates for access service shall be no higher than the rates charged by the competing ILEC, in accordance with the same procedures specified in 47 C.F.R. § 61.26. Therefore, those CLECs having switched access tariffs that benchmark to a ROR ILEC are also to file Step 8 access charge revisions. CLECs may reference the Step 8 access charge revision filing of the underlying ILEC(s) as supporting information for the rates included in their filings. Any CLEC utilizing blended rates must include supporting documentation demonstrating that its blended rates are at or below the end office access service rates of the underlying ILEC(s).

## **Timing and Process for Filing Tariffs**

On April 4, 2019, the FCC released an order that, *inter alia*, established procedures and dates for the 2019 filing of annual access charge tariffs.<sup>14</sup> Pursuant to the *FCC Order* and the *April 2019 FCC Order*, effective July 2, 2019, terminating end office access service rates shall conform to the requirements set forth in 47 C.F.R § 51.909(i) for ROR ILECs and § 51.911(c) for CLECs. All ROR ILECs and those CLECs having switched access tariffs that benchmark to a ROR ILEC are required to file tariff supplements to comply with the Step 8 access charge revisions. In order to meet the FCC's July 2, 2019 deadline and allow sufficient time for review, we shall require LECs

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<sup>14</sup> See *FCC Order* released April 4, 2019, *In the Matter of July 1, 2019 Annual Access Charge Tariff Filings*, WC Docket No. 19-47 (hereinafter "*April 2019 FCC Order*").

to file their tariff supplements and supporting information according to the following schedule:

- All ROR ILECs shall file with the Commission tariff supplements and supporting information implementing the Step 8 access charge revisions as contemplated by the *FCC Order* no later than June 3, 2019.
- All CLECs having switched access tariffs that benchmark to a ROR ILEC shall file with the Commission tariff supplements and supporting information implementing the Step 8 access charge revisions as contemplated by the *FCC Order* no later than June 17, 2019.

LECs may opt to, in accordance with Commission rules, eFile their tariff supplements and supporting information. Information regarding eFiling is available on the Commission's website at <http://www.puc.pa.gov/efiling/default.aspx>.

In addition to eFiling or submitting hard copies of their filings to the Commission's Secretary's Bureau, all LECs must send electronic copies of the supporting information to [RA-PUCTelco@pa.gov](mailto:RA-PUCTelco@pa.gov).

In addition, we encourage ILECs and CLECs that operate under this Commission's jurisdiction and that directly or indirectly exchange switched access traffic with other telecommunications carriers or other communications entities, to engage in appropriate informal consultations, information exchange, and resolution regarding any issue that may arise following the submission of the required tariffs. Such informal consultations and information exchange can be carried out under the appropriate confidentiality protections of proprietary data and can lead to the avoidance of costly formal complaint litigation before the Commission.

## **CONCLUSION**

The Step 8 access charge revisions are a mandated action outlined by the FCC. All ROR ILECs and those CLECs having switched access tariffs that benchmark their access rates to a ROR ILEC are directed to file tariff supplements implementing the Step 8 access

charge revisions as contemplated by the *FCC Order* along with supporting information according to the procedures set forth in this Order, **THEREFORE;**

**IT IS ORDERED:**

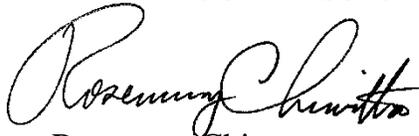
1. That all Rate-of-Return Incumbent Local Exchange Carriers must file tariff supplements and supporting information implementing Step 8 of the intrastate access charge revisions as contemplated by the *FCC Order* by June 3, 2019, and the directives of this Order.

2. That all Competitive Local Exchange Carriers having switched access tariffs that benchmark their access rates to a Rate-of-Return Incumbent Local Exchange Carrier must file tariff supplements and supporting information implementing Step 8 of the intrastate access charge revisions as contemplated by the *FCC Order* by June 17, 2019, and the directives of this Order.

3. That the failure to file the required tariff supplements and supporting information may result in the imposition of civil penalties of up to \$1,000 per violation per day payable to the Commonwealth of Pennsylvania, in accordance with 66 Pa. C.S. § 3301(a) and (b).

4. That this Order shall be posted on the Commission's website.

**BY THE COMMISSION**



Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: May 23, 2019

ORDER ENTERED: May 23, 2019