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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

April 19, 2012

Via Federal Express
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: 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

Dear Secretary Chiavetta:

On April 13, 2012 the Commission posted on its website two "templates" for the supporting information to accompany the May 14, 2012 tariff filings implementing the terminating access reductions required by the FCC Order.[1] One template was for price cap carriers and the other for rate-of-return carriers. The Commission's April 3, 2012 Secretarial Letter stated that "LECs are invited to file comments regarding this template by April 19, 2012." Please accept this letter as Verizon's comments on the templates.

The templates appear generally reasonable. Verizon offers the following comments for clarification or improvement of the templates:

(1) The instruction sheet of the price cap template states "[t]his template applies to companies who are Price Cap Carriers at the Federal Level" and "[t]he access charge reductions arrived at in this template therefore apply to both originating and terminating access rates." The FCC Order requires price cap carriers to reduce their terminating rates. It does not require reduction of

[1] *See Connect America Fund; a National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers; Developing a Unified Intercarrier Compensation Regime, etc.*, WC Docket No. 10-90, etc., Report and Order and Further Notice of Proposed Rulemaking (Nov. 18, 2011) ("FCC Order").

originating rates. Rather, for price cap carriers it caps those rates at existing levels. Accordingly, the FCC reductions will not "apply" to originating access rates. That being said, Verizon does not object to providing information about its originating access rate levels and volumes (particularly the carrier charge) because, as set forth at more length in Verizon's comments in this docket, the Commission must monitor to ensure that carriers do not increase their effective originating rates when they reduce their terminating rates. For this reason, the Commission should also require rate-of-return carriers to provide the same information as price cap carriers regarding their originating rates.

(2) Both templates divide the relevant rate elements into two categories – "traffic sensitive" and "carrier charge." The FCC Order also requires reduction of certain dedicated transport/facilities charges that are not traffic sensitive, and carriers will have to depict these rates on the templates.

(3) Both templates state that "[t]he Carrier Charge is a non traffic sensitive per access line, per month charge in Pennsylvania. In order to comply with the FCC Order, this would need to be converted to a Minutes of Use Based charge for purposes of calculating a reduction." Verizon agrees with this statement. Since Verizon is adopting the alternative that reduces intrastate rates to interstate levels/structure and charges a transitional per-minute charge for one year, it will no longer have a terminating carrier charge. But it will continue to have an originating carrier charge. For the originating carrier charge (and for the terminating charge for any LEC that continues to have a carrier charge) Verizon believes the only feasible way to ensure compliant rates and monitor them in the future is to keep the carrier charges as a per-minute rate. Accordingly, the conclusion of the above sentence that says "and then converted back to a per access line per month charge for the purposes of presenting a new rate" should be eliminated from the template. The Commission required carrier charges to be stated as a per-line charge in its 1999 Global Order because it was concerned that "CCLC revenues increase with the growth in the use of toll service" and that since access MOUs were increasing this conversion would "curtail . . . spiraling access revenue growth" from the carrier charge. (Global Order at 25). In today's environment this is no longer a concern or a reason to require the charge to be maintained as a per-line charge, and a per-minute charge would be more practical and useful at this point.

Please do not hesitate to contact me if you have any questions about the above comments.

Respectfully,

Suzan D. Paiva

SDP/slb

Via E-Mail

cc: FCC Order Task Force

Via First Class U.S. Mail

cc: The Honorable Joel Cheskis

Via E-Mail and First Class U.S. Mail

cc: Attached Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of Verizon's Comments in Response to the Commission's March 22, 2012 Order, upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (related to service by a participant) and 1.55 (related to service upon attorneys).

Dated at Philadelphia, Pennsylvania, this 19th day of April, 2012.

VIA E-MAIL and FIRST CLASS U.S. MAIL

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