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April 11, 2012

Via Hand Delivery

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265

In 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:

Enclosed for filing is the Verified Statement of Gary Zingaretti on Behalf of the Pennsylvania Telephone Association, responding to the five questions set forth in the Commission's Order entered March 20, 2012. Copies have been served in accordance with the attached Certificate of Service.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

THOMAS, LONG, NIESEN & KENNARD

By:
Norman J. Kennard

Enclosures
cc: Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Implementation of the Federal Communications	:	
Commission's Order of November 18, 2011	:	M-2012-2291824
As Amended or Revised and Coordination	:	
With Certain Intrastate Matters	:	

VERIFIED STATEMENT OF GARY ZINGARETTI SUBMITTED
ON BEHALF OF THE PENNSYLVANIA TELEPHONE ASSOCIATION

The Pennsylvania Telephone Association ("PTA")[1] responds to the Commission's questions as follows:

1. The appropriate legal boundaries of the Commission's authority and jurisdiction to exercise appropriate oversight and enforcement while implementing the FCC's directives including but not limited to:

    a. Requiring the timely submission of the proposed tariffs and supporting data demonstrating that the FCC-mandated intercarrier compensation reforms comply with the FCC's directives and do not lead to a potential "windfall and/or double recovery" if and when a carrier also utilizes the federal Eligible Recovery mechanism inclusive of the ARC and CAF support.

    b. Requiring the timely submission of the necessary assurances, jurisdictional allocations and accompanying data by incumbent local exchange carriers (ILECs) that are subsidiaries or affiliates of holding companies demonstrating that the federal Eligible Recovery amounts at issue arising from their interstate and intrastate carrier access services are properly allocated or

[1] The Pennsylvania Telephone Association member companies include the following: Armstrong Telephone Company – Pennsylvania; Armstrong Telephone Company – North; Bentleyville Telephone Company; Windstream Buffalo Valley, Inc.; Citizens Telephone Company of Kecksburg; Windstream Conestoga, Inc.; Windstream D&E, Inc.; Hickory Telephone Company; Ironton Telephone Company; Lackawaxen Telecommunications Services; Laurel Highland Telephone Company; TDS Telecom/Mahanoy & Mahantango Telephone Company; Marianna & Scenery Hill Telephone Company; The North-Eastern Pennsylvania Telephone Company; North Penn Telephone Company; Consolidated Communications of Pennsylvania Company; Palmerton Telephone Company; Pennsylvania Telephone Company; Pymatuning Independent Telephone Company; South Canaan Telephone Company; TDS Telecom/Sugar Valley Telephone Company; Venus Telephone Corporation; Windstream Pennsylvania, LLC; and Yukon-Waltz Telephone Company. Frontier Communications Commonwealth Telephone Company, LLC (d/b/a Frontier Commonwealth); Frontier Communications of Breezewood, LLC; Frontier Communications of Canton, LLC; Frontier Communications – Lakewood, LLC; Frontier Communications – Oswayo River, LLC; Frontier Communications of PA, LLC are also participating with the PTA.

otherwise attributed to their Pennsylvania operations and do not include any cross-jurisdictional amounts.

c. Monitoring any broadband deployment requirements under the *FCC Order* standards where the relevant obligation may have been triggered by a federal price cap utilization of federal Eligible Recovery and CAF intercarrier compensation support.

PTA Response:

In its *Connect America Fund Order*, the FCC concluded "that a uniform, national framework for the transition of intercarrier compensation to bill-and-keep, with an accompanying federal recovery mechanism" best served its federal policy goals.[2] The states, therefore, no longer set intrastate intercarrier compensation.[3] The states' role is one of implementation.[4]

The FCC, however, envisions the continuation of state access tariffs[5] during the transition and expressly encourages that "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," specifically "to ensure carriers are not taking actions that could enable a windfall and/or double recovery, as well as unanticipated types of gamesmanship."[6]

"Rate-of-return carriers will be required to submit to the states the data used in these calculations, allowing state regulators to monitor implementation of the recovery mechanism."[7]

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[2] *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund*, WC Docket No. 10- 90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) ("*Connect America Fund Order*"), ¶ 790.

[3] *Id.* ("Although states will not set the transition for intrastate rates under this approach we do follow the State Member's proposal regarding recovery coming from the federal jurisdiction. Doing so takes a potentially large financial burden away from states."). The issue of state action on originating access rates is being discussed in another Commission docket.

[4] *Id.* ("States will also help implement the bill-and-keep methodology. They will continue to oversee the tariffing of intrastate rate reductions during the transition period as well as interconnection negotiations and arbitrations pursuant to sections 251 and 252, and will have responsibility for determining the network 'edge' for purposes of bill-and-keep.").

[5] *Connect America Fund Order*, ¶¶ 796 ("Indeed, as we have said, states will have responsibility for implementing the bill-and-keep methodology adopted herein and will continue to oversee the tariffing of intrastate rates during the transition period and interconnection negotiations and arbitrations pursuant to section 252, as well as determine the network "edge" for purposes of bill-and-keep.") and 813 ("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.").

[6] *Connect America Fund Order*, ¶ 813.

[7] *Connect America Fund Order*, ¶ 898.

Further, "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."[8]

The FCC expressly provided a mechanism to ensure that "double recovery" from the state jurisdiction will be precluded. Specifically, the FCC requires ILECs seeking recovery of lost revenues:

> To certify as part of their tariff filings to both the FCC and to any state commission exercising jurisdiction over the incumbent LEC's intrastate costs that the incumbent LEC is not seeking duplicative recovery in the state jurisdiction for any Eligible Recovery subject to the recovery mechanism. To monitor and ensure that this does not occur we require carriers participating in the recovery mechanism, whether ARC and/or CAF, to file data annually.[9]

The FCC is in the process of establishing a timeline for filing documentation related to CAF support. The deadlines for interstate tariff rates and the ARC are already set.[10] To ensure consistency, the same supporting calculations and documentation used for federal purposes should be utilized for state tariff filings. Any PAPUC-related timelines should not run in advance of those set by the FCC.

In terms of the changes to intrastate access rates, which the PTA perceives as the PAPUC's primary short term objective, coordination with the CAF data and calculations is imperative. The CAF filings are still a work in progress. No deadlines have been set for the filing of CAF claims at the FCC. No forms have been released by the FCC at this time, which apparently are awaiting approval from the Office of Management and Budget ("OMB").

The price cap companies, facilitated by Telcordia, Verizon and CenturyLink, have been working on a set of support forms that develop:

- Access rate reductions;
- Eligible revenue recovery at the holding company level (including detailed study area data);
- Amounts recoverable through the ARC charge (subject to the residential rate ceiling); and
- The remainder amount eligible for recovery through the CAF.

The National Exchange Carriers Association ("NECA") administers the interstate tariffs of most of the PTA member companies. The Universal Service Administrative Company ("USAC") is responsible for administering the CAF. As the *Connect America Fund Order* stated:

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[8] *Id.*

[9] *Connect America Fund Order*, note 1664.

[10] The ARC calculations and interstate access tariffs will be filed by the NECA concurring companies on June 18, 2012. *In the Matter of July 3, 2012 Annual Access Charge Tariff Filings*, WCB/Pricing File No. 12-07, Released March 28, 2012; Erratum Released March 30, 2012, note 3.

> Rate-of-return carriers may elect to have NECA or another entity perform the annual analysis. The underlying data must be submitted to the relevant state commissions, to the Commission, and, for carriers that are eligible for and elect to receive CAF, to USAC.[11]

Final FCC forms for CAF claims[12] are presently anticipated to be approved by the OMB and released on or before May 23, 2012.

For the ROR companies, NECA has developed a working schedule to develop the intrastate access reductions, ARC increases and CAF calculations, the dates of which are

- April 25, 2012 –Preliminary View
- May 23, 2012 – Final View

The PTA ROR companies offer to share the preliminary CAF data with the Commission after it is available and to file the final information contemporaneously with the NECA "Final View." Any filing date prior to that time invites potentially inconsistent results and inaccurate state calculations.[13]

As to the question at 1(b), the *Connect America Fund Order* sets forth rules that encourage pricing flexibility for companies that are owned by a holding company. Specifically the rules allow for "cross-jurisdictional" recovery of eligible revenue at the holding company level as a method to lessen the impact on all end-users.[14] Having concluded that holding companies would have this flexibility, the FCC further addressed monitoring compliance with Recovery Mechanisms and concluded that filings would be made at the holding company level.[15] It ruled against a state-by-state accounting of the Recovery Mechanism, which it found could be unduly burdensome on the ILECs.[16]

Regarding broadband deployment monitoring and the questions at 1(c), carriers receiving CAF/ICC support will be required to certify annually to the FCC/USAC "that they are entitled to receive the recovery they are claiming and that they are complying with all rules pertaining to

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[11] *Connect America Fund Order*, note 1690.

[12] *Connect America Fund Order*, ¶ 923 ("To ensure consistency and further minimize any burden on carriers, we delegate to the Wireline Competition Bureau the authority to adopt a template for submitting the data, which should be done in conjunction with the development of data necessary to be filed with USAC for receipt of CAF ICC support, which has also been delegated to the Wireline Competition Bureau.").

[13] The Commission's Secretarial Letter of April 3, 2012, suggests a tariff filing date of May 14, 2012. This is slightly too soon in the PTA's opinion.

[14] *Connect America Fund Order*, ¶ 910 ("We permit carriers to determine at the holding company level how Eligible Recovery will be allocated among their incumbent LECs' ARCs. By providing this flexibility, carriers will be able to spread the recovery of Eligible Recovery among a broader set of customers, minimizing the increase experienced by any one customer. This also will enable carriers to more fully recover Eligible recovery from end-users with rates below the $30 Residential Rate Ceiling, limiting the potential impact on the CAF. For carriers that elect to receive CAF support, we will impute to each carrier the full ARC revenues they are permitted to collect, regardless of whether they actually collect any or all such revenues. If the imputed amount is insufficient to cover all their Eligible Recovery, they are permitted to recover the remainder from CAF/ICC support.").

[15] *Connect America Fund Order*, ¶ 923.

[16] *Id.* ("To ensure consistency and further minimize any burden on carriers…").

such recovery."[17] Copies of such certifications should be made available to the state commissions.[18]

2. Appropriate and demonstrative methods and quantitative examples of the following:

   a. How carriers will determine the federal Eligible Recovery amounts inclusive of the ARC and CAF support. This information should be provided in a disaggregated fashion for the relevant components (ARC versus CAF support), and for the applicable time frames when such support components will be recovered or otherwise utilized. This information also should be provided based on the appropriate ILEC classifications, e.g., federal price cap and rate-of-return (ROR) ILECs, while also taking into account the existing ILEC basic residential local exchange service rates vis-à-vis the FCC's Residential Rate Ceiling.

   b. How, within specific and applicable time frames, carriers will properly document and verify the reconciliation between the access reforms contemplated in the *FCC Order* and the utilization of the federal Eligible Recovery mechanism inclusive of the ARC and CAF support. This information also should be provided based on the appropriate ILEC classifications, e.g., federal price cap and ROR ILECs, while also taking into account the existing ILEC basic residential local exchange service rates vis-à-vis the FCC's Residential Rate Ceiling.

PTA Response:

As described above, the data required to perform the access reductions, ARC levels and CAF support is presently being collected for the ROR companies by NECA. While the NECA data request itself is marked "Proprietary Confidential", the data requested is consistent with that included as Attachment GMZ-1 to this Verified Statement.

The template in Attachment GMZ-1 illustrates the basic calculations of Eligible Recovery, ARC, and CAF support. There is also a comparison of maximum eligible ARC rates to proposed tariffed ARC rates, should a carrier determine the two are different for competitive reasons. These forms would be filed annually as part of the Tariff Review Plan process[19] set forth by the FCC.

The documentation of the anticipated impact of the access reduction filing will be calculated by NECA and should yield results that are the same as those obtained through the calculations shown in Attachment GMZ-1. As previously noted, the *Connect America Fund Order* made it clear that rate of return carriers are required to file this information with the

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[17] *Connect America Fund Order*, ¶ 921-923.
[18] *Connect America Fund Order, ¶109.*
[19] *In the Matter of July 3, 2012 Annual Access Charge Tariff Filings*, WCB/Pricing File No. 12-07, Released March 28, 2012; Erratum Released March 30, 2012.

states.[20] Inclusion of this information in the tariff filings of the PTA companies would satisfy that federal obligation while at the same time providing this Commission with detailed information necessary to evaluate the proposed rates.

In addition, the LECs will provide NECA with projected demand data. When subsequent rate changes are implemented, the LECs will be required to quantify any over/under recovery of Eligible Revenue based on actual minutes of use as compared to the projections. As outlined in the *Connect America Fund Order*: "[b]ecause estimated minutes likely will differ from actual minutes, there will be a true-up in two years to adjust the carrier's Rate of Return Eligible Recovery for that year to account for the difference between forecast MOU and actual MOU in the year being trued-up."[21] Any difference in the recovery of Eligible Revenue will be included in the calculation of the subsequent rate change.

3. The potential modifications that will be required in existing interconnection agreements in order to timely effectuate the FCC's directives on intercarrier compensation where such interconnection agreements also involve wireline and wireless carriers.

   PTA Response:

The *FCC Connect America Fund Order* has determined that the "default" rate for LEC-CMRS traffic, including intrastate traffic, will be bill and keep.[22] The *Connect America Fund Order* has prospectively preempted the state's prior jurisdiction over intercarrier compensation for intrastate traffic. While the *Connect America Fund Order* set the effective date as "immediately" (i.e., December 29, 2011, the effective date of the regulations), this was subsequently modified to July 1, 2012 for parties that have interconnection agreements in effect.[23] The mechanism chosen by the FCC ("strongly urge") to implement this compensation change is "by commencing discussions regarding change-of-law provisions, if applicable."[24]

The industry has already begun the process of reviewing existing interconnection agreements regarding change of law provisions, sending out renegotiation requests, and amending their agreements. Other than approval of these amendments, no Commission action is anticipated at this time.

4. Whether individual federal price cap ILECs operating in Pennsylvania will be utilizing Eligible Recovery and CAF intercarrier compensation support with the concurrent accrual of broadband deployment obligations under the *FCC Order* standards.

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[20] *Connect America Fund Order*, ¶ 898.
[21] *Id.*
[22] This was modified on reconsideration. Order on Reconsideration, FCC 11-189 (rel. Dec.23, 2011) ("*1st Order on Reconsideration*").
[23] *1st Order on Reconsideration*, ¶ 7.
[24] *1st Order on Reconsideration*, ¶ 8.

PTA Response:

All CAF recipients, both price cap and rate of return, are required to annually certify that they are utilizing support to meet the broadband deployment obligations and standards detailed under the *Connect America Fund Order*.[25] It should be noted that Windstream Corporation, Frontier Communications Corporation and Consolidated Communications, Inc. have jointly petitioned the FCC to convert their average schedule affiliates to price cap regulation without first moving to a cost-based rate of return company designation.[26] In Pennsylvania, this will affect Commonwealth Telephone Company, Windstream D&E, Inc., Windstream Conestoga, Inc., Windstream Buffalo Valley, Inc., and Consolidated Communications of Pennsylvania Company. Should that petition be granted, these ILECs will operate prospectively as a federal price cap companies.

5. The use of properly designed informal dispute resolution processes with or without the involvement of Commission Staff for addressing such areas as:

   a. The verification of intrastate intercarrier compensation rates and amounts.

   b. Intercarrier compensation disputes that may arise within or outside the context of interconnection agreements and where such disputes may involve both direct and indirect interconnection.

PTA Response:

The PTA would welcome a process for more quickly resolving intercarrier compensation disputes. The current (and only) alternative is a formal complaint and full litigation, which process is expensive, time consuming and slow. As this Commission well knows, "bad actor" carriers frequently take advantage of this "regulatory lag" to file non-meritorious "disputes" in response to legitimate billing and then drag the collection process out. Attached as Attachment GMZ-2 is a copy of Senate Bill 1164 (introduced during the 2009-2010 Session of the Pennsylvania General Assembly), which lays out a process that the Commission could adopt under its current statutory powers.

[25] *Connect America Fund Order*, ¶*109*.

[26] *Petition of Consolidated Communications, Frontier, and Windstream For Conversion of Average Schedule Affiliates To Price Cap Regulation and For Limited Waiver Relief*, WC Docket No. 12-63, filed March 1, 2012. http://transition.fcc.gov/Daily_Releases/Daily_Business/2012/db0309/DA-12-375A1.txt.

ABC Telephone Company
Projected Impact of FCC USF Reform

1. Cap both interstate and intrastate access rates. No immediate revenue impact (completed 1/1/2012)

Rate Element	Demand 11/10 - 10/11	Intrastate Rate	Interstate Rate	Rate Differential	Baseline Intrastate	Term Intrastate	Interstate Demand	Baseline Interstate	Term Interstate
Carrier Charge - Orig	48,000	$0.51	$0.00	$ (0.51)	$24,706	$0	800,000	$0	$0
Carrier Charge - Term	48,000	$6.49	$0.00	$ (6.49)	$311,294	$311,294	3,000,000	$0	$0
Local Switching - Orig	500,000	$0.015000	$0.022451	$ 0.0075	$7,500	$0	800,000	$17,961	$0
Local Switching - Term	6,300,000	$0.015000	$0.022451	$ 0.0075	$94,500	$94,500	3,000,000	$67,353	$67,353
Information Surcharge - Orig	5,000	$0.028000	$0.049400	$ 0.0214	$140	$0	8,000	$395	$0
Information Surcharge - Term	63,000	$0.028000	$0.049400	$ 0.0214	$1,764	$1,764	30,000	$1,482	$1,482
Tandem Switching - Orig	-	$0.000000	$0.000000	$ -	$0	$0	-	$0	$0
Tandem Switching - Term	-	$0.000000	$0.000000	$ -	$0	$0	-	$0	$0
Tandem Switched Facility - Orig	1,803,949	$0.000540	$0.000402	$ (0.0001)	$974	$0	2,886,318	$1,160	$0
Tandem Switched Facility - Term	22,729,755	$0.000540	$0.000402	$ (0.0001)	$12,274	$12,274	10,823,693	$4,351	$4,351
Tandem Switched Term Orig	352,374	$0.000242	$0.002090	$ 0.0018	$85	$0	563,799	$1,178	$0
Tandem Switched Term - Term	4,439,917	$0.000242	$0.002090	$ 0.0018	$1,074	$1,074	2,114,246	$4,419	$4,419
Total					$454,311	$420,906		$98,300	$77,605

2. Reduce intrastate rates to interstate rates in 2 equal steps.

Rate Element	Demand 11/10 - 10/11	Intrastate Rates Current	Intrastate Rates July 2012	Revenue Impact	Intrastate Rates July 2012	Intrastate Rates July 2013	Revenue Impact
Carrier Charge - Orig	48,000	$0.51	$0.51	$0	$0.51	$0.51	$0
Carrier Charge - Term	48,000	$6.49	$3.24	-$155,600	$3.24	$0.00	-$155,600
Local Switching - Orig	500,000	$0.015000	$0.015000	$0	$0.015000	$0.015000	$0
Local Switching - Term	6,300,000	$0.015000	$0.015000	$0	$0.015000	$0.015000	$0
Information Surcharge - Orig	5,000	$0.028000	$0.028000	$0	$0.028000	$0.028000	$0
Information Surcharge - Term	63,000	$0.028000	$0.028000	$0	$0.028000	$0.028000	$0
Tandem Switching - Orig	-	$0.000000	$0.000000	$0	$0.000000	$0.000000	$0
Tandem Switching - Term	-	$0.000000	$0.000000	$0	$0.000000	$0.000000	$0
Tandem Switched Facility - Orig	1,803,949	$0.000540	$0.000540	$0	$0.000540	$0.000540	$0
Tandem Switched Facility - Term	22,729,755	$0.000540	$0.000471	-$1,600	$0.000471	$0.000402	-$1,600
Tandem Switched Term Orig	352,374	$0.000242	$0.000242	$0	$0.000242	$0.000242	$0
Tandem Switched Term - Term	4,439,917	$0.000242	$0.000242	$0	$0.000242	$0.000242	$0
Total Impact				-$157,200			-$157,200

ABC Telephone Company
Projected Impact of FCC USF Reform

3. Calculate impact of terminating end office access rate transition to Bill & Keep (i.e. zero rate).

Year (July 1 to June 30)	Intrastate Term MOU	Baseline EO Rate	Proposed EO Rate	Revenue Loss	Interstate Term MOU	Baseline EO Rate	Proposed EO Rate	Revenue Loss
2012	6,300,000	$0.015000	$0.015000	$ -	3,800,000	$0.022451	$0.022451	$ -
2013	6,300,000	$0.015000	$0.015000	$ -	3,800,000	$0.022451	$0.022451	$ -
2014	6,300,000	$0.015000	$0.011667	$ (21,000)	3,800,000	$0.022451	$0.016634	$ (22,105)
2015	6,300,000	$0.015000	$0.008333	$ (42,000)	3,800,000	$0.022451	$0.010817	$ (44,209)
2016	6,300,000	$0.015000	$0.005000	$ (63,000)	3,800,000	$0.022451	$0.005000	$ (66,314)
2017	6,300,000	$0.015000	$0.003567	$ (72,030)	3,800,000	$0.022451	$0.003567	$ (71,760)
2018	6,300,000	$0.015000	$0.002133	$ (81,060)	3,800,000	$0.022451	$0.002133	$ (77,207)
2019	6,300,000	$0.015000	$0.000700	$ (90,090)	3,800,000	$0.022451	$0.000700	$ (82,654)
2020	6,300,000	$0.015000	$0.000000	$ (94,500)	3,800,000	$0.022451	$0.000000	$ (85,314)

4. Calculate Potential New ARC Revenue

Year (July 1 to June 30)	1-R / 1-B Lines	ARC 1-R 1-B Rate	ARC 1-R/1-B Revenue	MLB Lines	ARC MLB Rate	ARC MLB Revenue	Total ARC Revenue
2012	42,000	$0.50	$21,000	6,000	$1.00	$6,000	$27,000
2013	42,000	$1.00	$42,000	6,000	$2.00	$12,000	$54,000
2014	42,000	$1.50	$63,000	6,000	$3.00	$18,000	$81,000
2015	42,000	$2.00	$84,000	6,000	$3.00	$18,000	$102,000
2016	42,000	$2.50	$105,000	6,000	$3.00	$18,000	$123,000
2017	42,000	$3.00	$126,000	6,000	$3.00	$18,000	$144,000
2018	42,000	$3.00	$126,000	6,000	$3.00	$18,000	$144,000
2019	42,000	$3.00	$126,000	6,000	$3.00	$18,000	$144,000
2020	42,000	$3.00	$126,000	6,000	$3.00	$18,000	$144,000

ABC Telephone Company
Projected Impact of FCC USF Reform

5. Calculate"Rate of Return Eligible Recovery"

Year (July 1 to June 30)	Interstate TS Revenue Requirement	Intrastate Terminating Sw. Access	Local Switching Support	Net Reciprocal Compensation	Baseline Eligible Recovery	Retention Percentage	Adjusted Baseline Revenue	ICC Loss of Revenue Per FCC Order	Calendar Year Impact
2012	$ 188,920	$ 420,906	$ 96,000	$ 19,300	$ 725,126	95%	$ 688,870	$ (36,256)	$ (18,128)
2013					$ 688,870	95%	$ 654,427	$ (70,699)	$ (53,478)
2014					$ 654,427	95%	$ 621,706	$ (103,420)	$ (87,060)
2015					$ 621,706	95%	$ 590,621	$ (134,505)	$ (118,963)
2016					$ 590,621	95%	$ 561,090	$ (164,036)	$ (149,271)
2017					$ 561,090	95%	$ 533,036	$ (192,090)	$ (178,063)
2018					$ 533,036	95%	$ 506,384	$ (218,742)	$ (205,416)
2019					$ 506,384	95%	$ 481,065	$ (244,061)	$ (231,402)
2020					$ 481,065	95%	$ 457,012	$ (268,114)	$ (256,088)

6. Summary - Sources of Revenue Which Will Equal Adjusted Baseline Revenue

Year (July 1 to June 30)	Originating Access Intastate	Originating Access Interstate	Terminating Access Intastate	Terminating Access Interstate	Recip Comp	ARC Fee	Subtotal	New CAF Support	Baseline Revenue
2012	n/a	$20,695	$263,706	$77,605	$0	$27,000	$389,006	$299,864	$688,870
2013	n/a	$20,695	$106,506	$77,605	$0	$54,000	$258,806	$395,621	$654,427
2014	n/a	$20,695	$85,506	$55,500	$0	$81,000	$242,701	$379,005	$621,706
2015	n/a	$20,695	$64,506	$33,396	$0	$102,000	$220,597	$370,024	$590,621
2016	n/a	$20,695	$43,506	$11,291	$0	$123,000	$198,492	$362,598	$561,090
2017	n/a	$20,695	$34,476	$5,845	$0	$144,000	$205,016	$328,020	$533,036
2018	n/a	$20,695	$25,446	$398	$0	$144,000	$190,539	$315,845	$506,384
2019	n/a	$20,695	$16,416	-$5,049	$0	$144,000	$176,062	$305,003	$481,065
2020	n/a	$20,695	$12,006	-$7,709	$0	$144,000	$168,992	$288,020	$457,012

ABC Telephone Company
Projected Impact of FCC USF Reform

7. Calculate Impact on Residential Charges

Year (July 1 to June 30)	1-R Local Service Rate	1-R SLC	1-R ARC Fee	1-R 911 Fee	1-R TRS Fee	1-R Other State Fees	Total 1-R Charges	FCC 1-R Cap
2012	$ 13.50	$ 6.50	$ 0.50	$ 1.25	$ 0.08	$ -	$ 21.83	$ 30.00
2013	$ 13.50	$ 6.50	$ 1.00	$ 1.25	$ 0.08	$ -	$ 22.33	$ 30.00
2014	$ 13.50	$ 6.50	$ 1.50	$ 1.25	$ 0.08	$ -	$ 22.83	$ 30.00
2015	$ 13.50	$ 6.50	$ 2.00	$ 1.25	$ 0.08	$ -	$ 23.33	$ 30.00
2016	$ 13.50	$ 6.50	$ 2.50	$ 1.25	$ 0.08	$ -	$ 23.83	$ 30.00
2017	$ 13.50	$ 6.50	$ 3.00	$ 1.25	$ 0.08	$ -	$ 24.33	$ 30.00
2018	$ 13.50	$ 6.50	$ 3.00	$ 1.25	$ 0.08	$ -	$ 24.33	$ 30.00
2019	$ 13.50	$ 6.50	$ 3.00	$ 1.25	$ 0.08	$ -	$ 24.33	$ 30.00
2020	$ 13.50	$ 6.50	$ 3.00	$ 1.25	$ 0.08	$ -	$ 24.33	$ 30.00

Attachment GMZ-2

PRINTER'S NO. 1559

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1164 Session of 2009

INTRODUCED BY MENSCH, ARGALL, FOLMER, YAW, VANCE, BOSCOLA, FARNESE, BAKER AND SCARNATI, DECEMBER 16, 2009

REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE, DECEMBER 16, 2009

AN ACT

Amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes, further providing for access charges.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 3017 of Title 66 of the Pennsylvania Consolidated Statutes is amended to read:

§ 3017. Access charges.

(a) General rule.--The commission may not require a local exchange telecommunications company to reduce access rates except on a revenue-neutral basis.

(b) Refusal to pay access charges prohibited.--No person or entity may refuse to pay tariffed <u>intrastate</u> access charges for interexchange <u>access</u> services provided by a local exchange telecommunications company <u>or alternative service provider</u>. <u>Prior to filing a complaint, the local exchange telecommunications company or alternative service provider shall attempt, in good faith pursuant to tariff, to resolve an access charge payment dispute.</u>

(b.1) Complaint proceeding.--

(1) If the local exchange telecommunications company or alternative service provider seeking payment demonstrates that the called or calling telephone number is assigned to a switch identified with a rate center outside of the local calling area as prescribed by the commission, including extended area service, or a major trading area as defined by the Federal Communications Commission for commercial mobile radio service providers, then a prima facie violation of subsection (b) is established. If a valid originating telephone number is not listed for a call, then it shall be presumed that interexchange access service was provided by the local exchange telecommunications company or alternative service provider. Nothing herein shall preclude other proof of the geographic end points of a call.

(2) Notwithstanding any other provision of this title, the commission shall make a final decision and order granting or denying a complaint that alleges a violation of subsection (b) within 180 days of the filing of the complaint. In considering such a complaint, the commission shall do all of the following:

(i) The commission shall promptly hold a preliminary hearing for the purpose of determining whether financial security should be established by the respondent in favor of the complainant in an amount as determined by the commission. If the respondent refuses to establish the financial security set by the commission, then the commission may revoke any certificate of public convenience granted to the person or entity, and order the cessation of intrastate interexchange access service to the person or entity. In determining the amount of financial security, the commission shall consider all of the following:

(A) The likelihood of success of the complaint.

(B) The total amount due to the local exchange telecommunications company or alternative service provider at the time of the filing of the complaint.

(C) The estimated additional amounts that may become due for the provision of interexchange access service by the local exchange telecommunications company or alternative service provider prior to final resolution of the complaint by the commission. If the respondent voluntarily elects not to utilize the interexchange services of the complainant during the pendency of the complaint, this paragraph shall not apply.

(ii) The commission, upon a finding that a person or entity violated subsection (b), shall require payment by the person or entity of an amount not less than treble the amount which was otherwise due to a local exchange telecommunications company or alternative service provider. This amount shall be in addition to any penalties or other provisions for late payment or nonpayment set forth in the access tariff of the local exchange telecommunications company or alternative service provider.

(iii) The commission, upon a finding that a person or entity violated subsection (b), may revoke any certificate of public convenience granted to such person or entity, and order the cessation of intrastate interexchange service to the person or entity.

(b.2) Applicability.--The provisions of subsection (b) shall not apply:

(1) Where an interconnection agreement has been approved by the commission that specifies the payment of a different, negotiated rate to the local exchange telecommunications company or alternative service provider.

(2) To a retail service provider which engages another person or entity to deliver interexchange traffic and pay for interexchange access services on behalf of such retail service provider.

(3) There is a mutual agreement of nonpayment.

(c) Limitation.--No telecommunications carrier providing competitive local exchange telecommunications service may charge access rates higher than those charged by the incumbent local exchange telecommunications company in the same service territory unless such carrier can demonstrate that the higher access rates are cost justified.

Section 2. The addition of 66 Pa.C.S. § 3017 (b.1)(2)(ii) and (iii) shall apply to proceedings pending before the commission on the effective date of this section.

Section 3. This act shall take effect immediately.

AFFIDAVIT

COMMONWEALTH OF PENNSYLVANIA :
: ss
COUNTY OF LUZERNE :

GARY ZINGARETTI, being duly sworn according to law, deposes and says that he is Senior Vice President of ICORE, consultant to the PTA Companies, and that in this capacity, he is authorized to and does make this Affidavit and that the facts set forth in the attached statement are true and correct to the best of his knowledge, information and belief.

Gary M Zingaretti

Gary Zingaretti

Sworn to and subscribed before me this 9th day of April, 2012.

Marilyn T Shanahan

Notary Public
(SEAL)

NOTARIAL SEAL
MARILYN T SHANAHAN
Notary Public
WILKES-BARRE CITY, LUZERNE COUNTY
My Commission Expires Oct 1, 2014

My Commission Expires: