

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Eliminating <i>Ex Ante</i> Pricing Regulation and)	WC Docket No. 20-71
Tariffing of Telephone Access Charges)	
_____)	

**REPLY COMMENTS OF THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

The Pennsylvania Public Utility Commission (Pa. PUC) hereby provides its reply to comments filed in response to the recent Public Notice inviting interested parties to update the record in this proceeding.¹ These comments should not be construed as binding on the Pa. PUC in any matter pending before it. Moreover, the Pa. PUC’s position set forth in these comments could change in response to later events, including *ex parte* filings, the review of other filed comments, and legal proceedings or other regulatory developments at the state or federal level.

In response to the FCC’s initial notice of proposed rulemaking in 2020,² the Pa. PUC filed comments³ and reply comments⁴, demonstrating the serious legal and policy flaws associated with the NPRM’s proposal to detariff Telephone Access Charges,⁵

¹ Public Notice, WC Docket No. 20-71, DA 25-508 (Public Notice) (June 11, 2025). Unless otherwise indicated, all filings referenced herein are from this docket.

² Notice of Proposed Rulemaking (April 1, 2020) (NPRM).

³ Comments of the Pennsylvania Public Utility Commission (July 6, 2020) (Pa. PUC Comments).

⁴ Reply Comments of the Pennsylvania Public Utility Commission (August 4, 2020) (Pa. PUC Reply Comments).

⁵ The FCC proposes to detariff certain federal access charges which carriers bill to end users on their monthly telecommunications service bills, including the Subscriber Line Charge (SLC), the Access

reclassify that revenue as intrastate local service revenue and assess federal Universal Service Fund (FUSF) fees on 25 % of all local service revenue. In the intervening five years since the NPRM, there have been no legal or factual developments which have diminished or changed the concerns raised in the Pa. PUC’s original 2020 comments, and the Pa. PUC stands by them in full. The Pa. PUC notes that the five industry parties that filed initial comments in response to the Public Notice agree with Pa. PUC that the FCC proposals set forth in the NPRM are neither necessary nor desirable.⁶ Hence, the Pa. PUC continues to strongly recommend either that the NPRM be abandoned entirely, or that the issues contained in the NPRM be referred to the consultative process of the Joint Federal-State Joint Board on Separations and the Joint Federal-State Joint Board on Universal Service.⁷

Following is a restatement of the primary points the Pa. PUC raised in its 2020 comments, showing how each is supported by the initial comments to the 2025 Public Notice.

1. Reclassifying Telephone Access Charge Revenue as Local Service Revenue Unlawfully Invades States’ Intrastate Ratemaking Domain

The FCC’s proposal to detariff federal Telephone Access Charges and reclassify them as local service revenue would unlawfully invade the intrastate ratemaking

Recovery Charge (ARC), the Presubscribed Interexchange Carrier Charge (PICC), the Line Port Charge, and the Special Access Surcharge (collectively, Telephone Access Charges). NPRM at 2-6, ¶¶ 6-16.

⁶ See, e.g., Comments of NTCA—The Rural Broadband Association at 1 (August 6, 2025) (NTCA Comments) (Telephone Access Charges “serve a valuable purpose in promoting universal service, avoiding customer confusion, providing certainty to providers operating in high-cost rural areas, and reducing burdens associated with recovery of regulated costs.”).

⁷ Pa. PUC Comments at 18.

jurisdiction of the Commission.⁸ Specifically, the FCC’s proposal violates the statutory prohibition under Section 152(b) of the federal Communications Act, as amended, 47 U.S.C. § 152(b), on FCC regulation of intrastate communications services. Further, Section 221(b) of the Communications Act, as amended, 47 U.S.C § 221(b) provides that the FCC has no jurisdiction over services which “are subject to regulation by a State commission” and therefore works in conjunction with Section 152(b) to prohibit the FCC’s proposals to invade state commission jurisdiction over intrastate rates. Accordingly, the FCC may not unilaterally transform federal Telephone Access Charges into intrastate local service charges. WTA echoes these concerns, commenting that “Sections 152(b) and 221(b) of the Communications Act make it very difficult for the Commission to preempt the regulation of local service rates by the states that have elected to continue to do so.”⁹

2. The Pa. PUC Has Jurisdiction Over Local Service Rates and Must Ensure Just and Reasonable Rates

The Pa. PUC has jurisdiction over local service rates and must ensure such rates are “just and reasonable” under Pennsylvania law, and Pennsylvania law restricts the ability of Pennsylvania incumbent local exchange carriers to raise their local service rates to a degree sufficient to replace detariffed federal Telephone Access Charges.¹⁰ Multiple commenters embraced these concerns. The Concerned Rural LECs commented that the NPRM’s “suggestion that local rates can be easily adjusted to incorporate Telephone

⁸ Pa. PUC Comments at 4-8.

⁹ Comments of WTA – Advocates for Rural Broadband, at 12 (August 6, 2025) (WTA Comments).

¹⁰ Pa. PUC Comments at 8-10.

Access Charges remains inaccurate”¹¹ and noted “significant cost recovery issues for many RoR carriers, including intrastate ratemaking concerns[.]”¹² NTCA refuted the NPRM’s presumption that “service providers enjoy significant ‘rate flexibility’ as part of what [the NPRM] portrayed as deregulatory trends at the state level” and denied that “service providers could simply ‘make up’ any lost revenue associated with SLCs and ARCs by raising local service rates.”¹³ WTA noted that several states, including Pennsylvania, “have regulatory or alternative regulatory systems that allow limited annual local service rate increases but require rate cases or other state commission reviews of larger proposed rate increases” and “the \$6.50 to \$9.50 in monthly residential customer revenues needed to replace the SLC and ARC generally exceeds the threshold amounts established” for streamlined review by Pennsylvania and other states.¹⁴ In Pennsylvania, a rate increase of this magnitude would generally subject a carrier to extended tariff review time frames, potential complaints by impacted parties and resulting contested case proceedings.

3. The FCC May Not and Should Not Assess FUSF Fees on Intrastate Local Service Revenues

If the FCC reclassifies Telephone Access Charges as local service revenue, its related proposal to assess federal universal service fund (FUSF) fees on 25% of all local service revenues would be unlawful and would blur the existing jurisdictional separations

¹¹ Comments of the Concerned Rural LECs at 2 (August 6, 2025) (Concerned Rural LECs Comments).

¹² Id. at 5.

¹³ NTCA Comments at 4.

¹⁴ WTA Comments at 8.

regime.¹⁵ NTCA points out that “if the only way rate-of-return-regulated carriers can then recover these interstate costs is through an intrastate rate increase, this would shift cost recovery to the intrastate jurisdiction in violation of the separations process (absent a referral to the Joint Board on Separations and further Commission process in the wake of any ensuing recommendation).”¹⁶ WTA is “concerned that detariffing SLCs and ARCs that are now clearly interstate revenues and consolidating the ‘replacement’ charges and revenues, in whole or part, with intrastate local exchange service charges and revenues is going to raise allocation issues that can impact both federal and state USF mechanisms... in ways that may not be accurately predictable at this time.”¹⁷

4. Assessing FUSF Fees on Local Services Would Undermine State USF Regimes

The FCC’s proposal to assess FUSF on 25% of all local service revenue would undermine state-specific USF mechanisms like the Pa. USF that rely on intrastate revenues for contribution assessments. If the FCC proceeds with its proposal, telecommunications service providers may be reluctant to be doubly assessed on the same intrastate revenues for both the federal and the Pennsylvania USF mechanisms.¹⁸ NTCA argues that “the record compiled in 2020 confirmed that mandatory detariffing would introduce unnecessary regulatory uncertainty, create unnecessary business complexity, confuse consumers, and undermine important universal service objectives.”¹⁹ WTA

¹⁵ Pa. PUC Comments at 14-15.

¹⁶ NTCA Comments at 6-7.

¹⁷ WTA Comments at 13.

¹⁸ Pa. PUC Comments at 15-17.

¹⁹ NTCA Comments at 8.

notes that “any re-allocation of former SLC and ARC revenues to the intrastate jurisdiction will have an impact upon intrastate rates of return and ultimately on intrastate universal service and broadband support programs” and “[s]uch impacts will differ from state to state, and from carrier to carrier, but are likely to be significant and disruptive in at least some cases.”²⁰

5. Detariffing and Reclassifying Telephone Access Charges Would Reduce Billing Transparency

The FCC’s proposal to detariff and reclassify Telephone Access Charges as local service revenue would reduce billing transparency by embedding and essentially hiding heretofore explicit rate elements (SLC and ARC, for example) inside one unitary local service rate, without explanation.²¹ The Concerned Rural LECs state that “mandatory elimination of these charges, and the corresponding increases in local rates, would be more confusing to customers in some markets as opposed to maintaining the status quo after decades of consistent application.”²² WTA states that “detariffing of TACs (and particularly the detariffing of the SLC and ARC) and requiring any remaining portion of them to be consolidated with local service rates is going to cause some customer dissatisfaction and complaints where there were none before.”²³

CONCLUSION

The comments submitted in response to the Public Notice only reinforce the import of the comments submitted by the Pa. PUC and others in 2020: the NPRM’s

²⁰ WTA Comments at 14-15.

²¹ Pa. PUC Comments at 17-18.

²² Concerned Rural LEC Comments at 4.

²³ WTA Comments at 16.

proposals are neither legally sound nor wise policy. Therefore, the Pa. PUC respectfully requests that the FCC terminate this proceeding without taking any action on the NPRM, or in the alternative, that the issues contained in the NPRM be formally referred to the consultative process of the Joint Federal-State Joint Board on Separations and the Joint Federal-State Joint Board on Universal Service for appropriate deliberation and the issuance of appropriate recommendations.²⁴

Respectfully submitted,

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²⁴ Pa. PUC Comments at 18.