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| PUC logo | COMMONWEALTH OF PENNSYLVANIAPENNSYLVANIA PUBLIC UTILITY COMMISSIONP.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE** |

April 3, 2012

**M-2012-2291824**

Re:Implementation of the Federal Communications Commission’s Order of November 18, 2011 As Amended Or Revised

To: Specified Incumbent Local Exchange Carriers and Competitive Local Exchange Carriers

 (ILECs and CLECs, collectively LECs)

 A new regime is outlined within the Federal Communications Commission (FCC) Order[[1]](#footnote-1) for the transition of intercarrier compensation to bill-and-keep. The FCC Order states that at the outset of this transition all interstate switched access rates and reciprocal compensation rates are capped at their levels in effect as of December 29, 2011. Correspondingly, the Order caps all intrastate rates for Companies classified as price cap carriers at the federal level and caps all terminating intrastate access rates for Companies classified as rate-of-return carriers at the federal level. Subsequent to this, Local Exchange Carriers (LECs) will make filings effective July 1 of each year for the next several years to gradually transition certain interstate and intrastate Switched Access Rates to bill-and-keep.[[2]](#footnote-2)

As set forth in the FCC Order, under Step 1 of the transition of carrier access charges to bill-and-keep, LECs are to file tariff revisions with state Commissions setting forth the rates that are applicable to transitional access services. These rates are to be calculated as follows:

1. Calculate the total revenue from Transitional Intrastate Access Service at the LEC’s interstate access rates in effect on December 29, 2011 using Federal Fiscal Year 2011 (October 1, 2010 – September 30, 2011) intrastate switched access demand for each rate element
2. Calculate the total revenue from Transitional Intrastate Access Service at the LEC’s intrastate access rates in effect on December 29, 2011 using Federal Fiscal Year 2011 (October 1, 2010 – September 30, 2011) intrastate switched access demand for each rate element.
3. The Step 1 Access Revenue Reduction is equal to one-half of the difference between the amounts calculated in points 1 and 2 above.
4. In the event that a LEC’s intrastate switched access rates are lower than its functionally equivalent interstate switched access rates, the LEC may not make any tariff filing to increase these intrastate rates.
5. These rates will be effective on July 1, 2012.[[3]](#footnote-3)

 In accordance with the FCC Order, LECs are hereby directed to file tariff supplements to their respective Intrastate Switched Access Tariffs to revise rates with the PA Public Utility Commission (Commission) as outlined under Step 1 of the FCC transition of access charges noted above. These supplements shall be filed with the Commission no later than May 14, 2012 and will carry an effective date of July 1, 2012. These supplements are to reference the Commission’s generic FCC Order Implementation proceeding at Docket No. M‑2012-2291824.[[4]](#footnote-4) In addition, each filing will be assigned a unique R-Docket number. **Please note that in accordance with 66 PA C.S. § 3301(a)&(b), failure to file these tariff supplements may be subject to civil penalties of up to $1,000 per violation per day payable to the Commonwealth of Pennsylvania**.

 LECs are further directed to file with their tariff supplements supporting information used for the calculation of the rates contained in these supplements. To aid the LECs, the Commission will create a template, which will be available on the Commission’s website no later than April 13, 2012. The template will set forth the format and outline what supporting information is required by the Commission. LECs are invited to file comments regarding this template by April 19, 2012. These comments are subject to discussion during the on-the-record collaborative session that the Commission has created in its generic FCC Order Implementation proceeding that has been scheduled for April 20, 2012.[[5]](#footnote-5) Following this collaborative session, a final version of the template will be available to the LECs on the Commission’s website no later than May 4, 2012. A protective order related to this matter will be available on the Commission website no later than April 9, 2012.

 Questions regarding this matter may be directed to Andrew Showers (ashowers@pa.gov; 717-214-2186), Derek Vogelsong (devogelson@pa.gov; 717-787-3861), or Joe Spandra (jospandra@pa.gov; 717-787-6489) of the Commission’s Bureau of Technical Utility Services.



 Sincerely,

##  Rosemary Chiavetta

##  Secretary

1. 1 *See* FCC Order adopted October 27, 2011, and Released November 18, 2011 and further revised and clarified by Order February 3, 2012: In the Matter of Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, W Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Federal-state Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109; Universal Service Reform - Mobility Fund, WT Docket No. 10-208. [↑](#footnote-ref-1)
2. *Id.,* ¶801 states that there will be a six-year transition to bill-and-keep for price cap carriers and competitive LECs that benchmark to price cap carrier rates and a nine-year transition to bill-and-keep for rate-of-return carriers and competitive LECs that benchmark to rate-of-return carrier rates. [↑](#footnote-ref-2)
3. 3 *Id.*, Appendix A, 47 C.F.R. § 51.907(b) and § 51.909(b). [↑](#footnote-ref-3)
4. 4 *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 March 22, 2012. [↑](#footnote-ref-4)
5. 5 *Id.* [↑](#footnote-ref-5)