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Via Electronic Filing

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

RE: *AT&T Communications of Pennsylvania, Inc. v. Verizon North, Inc. and Verizon Pennsylvania Inc.*; Docket No. C-20027195

Dear Secretary Chiavetta:

The Commission should close this case.¹ Consistent with the rate methodology that the Federal Communications Commission (“FCC”) established in 2011,² Verizon has already reduced its intrastate terminating switched access rates to interstate levels and those rates will transition to bill-and-keep over time. There is no need for a separate state investigation of those rates. Nor is there a reason at this time for the Commission to keep this docket open to review originating switched access rates, which the FCC intends to reform further.

Because the FCC has established a new intercarrier compensation regime that requires specific reductions to intrastate switched access rates, the current phase of this decade-old investigation – which was pending before the Office of Administrative Law Judge waiting for another recommendation when the FCC released its order – is now moot, and the record is stale.

The FCC’s comprehensive regime transitions intercarrier compensation, including intrastate access rates, to bill-and-keep over time. As part of that transition, the FCC required a series of stepped-down reductions to intrastate terminating switched access rates. (FCC Order ¶ 801). Verizon has complied with the requirement to reduce its rates. In July 2012, Verizon

¹ Verizon Pennsylvania LLC and Verizon North LLC (together “Verizon”) respond to the Commission’s October 3, 2013 letter requesting comment on the future of this investigation.

² *Connect America Fund, a National Broadband Plan for Our Future*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (F.C.C. 2011), *appeals and petitions for reconsideration pending* (“FCC Order”).

reduced its terminating intrastate switched access rates by fifty percent of the differential between intrastate and interstate rates, and since July 2013 Verizon's intrastate terminating switched access rates have been at interstate levels. Over the next three years, consistent with the FCC's transition schedule, Verizon will reduce those rates to \$0.0007/minute, and eventually those rates will become bill-and-keep (zero). As established in the RLEC access investigation, given this FCC action no further Commission action on these rates is needed. (7/19/12 Order, Docket I-00040105, at 57).

For originating access, the FCC capped Verizon's rates (*id.* ¶ 818), reduced certain originating transport rates (*id.* ¶ 801), and set rates and adjustments to VoIP-PSTN originating access (*id.* ¶¶ 933-975).³ The FCC also concluded that "originating charges for all telecommunications traffic subject to our comprehensive intercarrier compensation framework should ultimately move to bill-and-keep." (*id.* ¶ 817). However, the FCC did not set a schedule for reducing intrastate originating charges (beyond the new rules for originating VoIP-PSTN traffic), instead taking comment on how those rates should be reduced.

The Commission's October 3, 2013 letter presented two options for resolving this investigation – holding the case "in abeyance, pending completion of the pending federal appeals and/or a final FCC determination on originating access charges" or closing it now. The docket should be closed. There is no benefit to be gained by holding it in abeyance while matters proceed at the federal level. If the Commission is called upon to address Verizon's intrastate switched access charges in the future, a more targeted docket can be opened for that purpose, in which case new evidence would have to be taken.

The docket need not remain open regarding originating access charges. The Commission has already noted in the RLEC access investigation that "given that the FCC has indicated that it will embark on originating access reform in the near future, there is no compelling reason for the Commission to 'rush into the originating access reform breach' at this time," and that the matter of originating access should not be considered in isolation from the other reforms required by the FCC. (7/19/12 Order, Docket I-00040105, at 59). While Verizon has argued to the FCC for prompt implementation of a downward transition for originating access, given the national operations of many carriers this should not be done in a piecemeal way.

Moreover, unlike the RLEC matter, where there was an order that could have been implemented immediately (although the Commission chose to stay it), there was never a recommended decision, much less a final order in this case. Thus, there is nothing to stay or

³ See *In re Connect America Fund, a National Broadband Plan for Our Future*, Second Order on Reconsideration, 27 FCC Rcd 4648, 4659 (F.C.C. 2012) (originating rates for VoIP-PSTN traffic must be reduced to interstate levels as of July 1, 2014).

hold in abeyance. And the stale record assembled more than two years ago will not be usable even if the issue of originating access comes back to the Commission at some point. If that happens, any party could file a petition to open a docket to address originating access if it proves to be necessary, at which time a record can be assembled if needed.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Suzan D. Paiva', with a long horizontal line extending to the right.

Suzan D. Paiva

Cc: Cynthia W. Fordham, ALJ
Robert A. Marinko, OSA
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of Verizon's Response to the October 3, 2013 Secretarial Letter, 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 23rd day of October, 2013.

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

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