



INDIANA UTILITY REGULATORY COMMISSION
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May 15, 2014

Dear Indiana Local Exchange Carrier:

The Communications Division has received several inquiries regarding procedures for filing 2014 intrastate access tariffs. In response, we would like to offer some guidance. As you are aware, the FCC's USF/ICC Transformation Order established procedures for LECs to make filings each year¹, beginning in 2012, to gradually transition certain interstate and intrastate switched access rates to bill-and-keep.² and (for companies without an applicable interconnection agreement in place on December 29, 2011) to file initial intrastate tariffs for non-access reciprocal compensation rates.³ A discussion of selected FCC and IURC filing requirements follows. Any other rate adjustments or tariff revisions, even if they are also required under the FCC's USF/ICC Transformation Order or related rules or clarification orders, shall be filed separately.

This letter addresses IURC administrative processes by which a LEC may seek Commission approval for changes in intrastate access or non-access reciprocal compensation tariffs that purport to comply with applicable FCC decisions and rules. By providing the requested guidance, we are not thereby adopting the methodology used to set the underlying interstate rates or rate structures. Furthermore, this letter does not indicate IURC or Staff support or endorsement of the applicability, for intrastate purposes, of FCC ratemaking methods and procedures used for developing interstate rates. Nor does this letter in any way constitute a derogation of the Commission's sole authority to set intrastate access charges pursuant to Section 251(g) of the Telecommunications Act of 1996 or a limitation on, or abdication of, its authority under Ind. Code § 8-1-2-88.6.⁴

FCC "Step Three" Rate Structure and Rate Changes for ILECs

Beginning July 1, 2014, each ILEC shall do the following (either directly or through concurrence in another carrier's intrastate switched access tariff):

Rate Structure Changes

- Each **price cap carrier** shall establish "separate originating and terminating rate elements for all per-minute components within ... intrastate End Office Access Service. For fixed charges, the Price Cap Carrier shall divide the rate between originating and terminating rate elements based on relative originating and terminating end office switching minutes. If sufficient originating and terminating end office switching minute data is not available, the carrier shall divide such charges equally between originating and terminating elements."⁵ [Emphasis added.]

¹ 47 CFR §§ 51.907(b), 51.909(b), 51.911(b).

² See, e.g., 47 CFR §§ 51.901(a), 51.907(b) – (h), 51.909(b) – (k), and 51.911(b) – (c).

³ See, e.g., 47 CFR §§ 51.709(a) & (b).

⁴ Adapted from the Commission's order in Cause No. 44004, at 6 (July 13, 2011).

⁵ 47 CFR § 51.907(d)(1).

- Each **rate-of-return carrier** shall establish “separate originating and terminating interstate and intrastate rate elements for all components within interstate End Office Access Service. For fixed charges, the Rate-of-Return Carrier shall divide the amount based on relative originating and terminating end office switching minutes. If sufficient originating and terminating end office switching minute data is not available, the carrier shall divide such charges equally between originating and terminating elements.”⁶ [Emphasis added.]

Rate Changes

As of July 1, 2013, Transitional Intrastate Access Service⁷ rates were capped at the applicable interstate rates.⁸ However, further reductions are required in 2014 for Terminating “End Office Access Service”⁹ rates, to begin moving those rates toward the \$.0007 per minute level for price cap carriers and \$.005 for rate of return carriers, as part of the overall long-term transition to bill and keep.

- Each **price cap carrier** shall establish rates for intrastate terminating End Office Access Service using the methodology described in 47 CFR §§ 51.907(d)(2)(i) through (d)(2)(iv).
- Each **rate-of-return carrier** shall establish rates for intrastate terminating End Office Access Service using the methodology described in 47 CFR §§ 51.909(d)(2) through (d)(4).
- For both price cap and rate-of-return carriers, the FCC’s March 31, 2014, clarification order (DA 14-434) also clarified what carriers should do if maintaining rate parity between interstate and intrastate terminating end office rates would cause intrastate rates to increase in 2014: “To ensure the maximum rate parity, intrastate terminating end office rates will be set at the interstate rate level for the comparable rate element unless the intrastate rate for that rate element is lower, in which case the lower rate will be used.”¹⁰

FCC “Step Three” Rate Structure and Rate Changes for CLECs

- As of July 1, 2013, CLEC Access Reciprocal Compensation rates for both originating and terminating switched exchange access services were capped at the rates of the competing ILEC, “in accordance with the same procedures specified in [47 CFR § 61.26].”¹¹
- “The benchmark rate for a CLEC’s switched exchange access services will be the rate charged for similar services by the competing ILEC. If an ILEC to which a CLEC benchmarks its rates, pursuant to this section, lowers the rate to which a CLEC benchmarks, the CLEC must revise its rates to the lower level within 15 days of the effective date of the lowered ILEC rate.”¹²

Switched Access Service Rates and Rate Elements Not Included in the Definition of the term “Transitional Intrastate Access Service”

To the extent a company seeks to file new or revised rates, charges, terms, and/or conditions for switched access services that are excluded from the definition of “Transitional Intrastate Access Service”, the filing will be

⁶ 47 CFR § 51.909(d)(1).

⁷ “Transitional Intrastate Access Service” is defined at 47 CFR § 51.903(j). For more information, *see*, 47 CFR §§ 51.901 - 51.911. *See, also*, USF/ICC Transformation Order at Paragraph 798, *et seq.*

⁸ *See, e.g.*, 47 CFR §§ 51.907(a); 51.909(c)(1); and 51.911(c).

⁹ 47 CFR §§ 51.903(d), (d)(1), (d)(2), or (d)(3).

¹⁰ *In the Matter of Connect America Fund, Developing a Unified Intercarrier Compensation Regime*; WC Docket No. 10-90, CC Docket No. 01-92, Order, para. 5, at 4 (DA 14-434, rel. March 31, 2014).

¹¹ 47 CFR § 51.911(c).

¹² 47 CFR § 61.26(c). *See, also*, paragraph 807 in the FCC’s USF/ICC Transformation Order.

governed by either the Commission's 30-Day Filing rules¹³ or, in the alternative, by the Commission's instant mirroring procedures.¹⁴

VoIP-to-PSTN Rates

Effective July 1, 2014, all Originating and Terminating Access Reciprocal Compensation subject to 47 CFR § 51.913 exchanged between a LEC and another telecommunications carrier in Time Division Multiplexing (TDM) format that originates and/or terminates in IP format shall be subject to a rate equal to the relevant interstate access charges specified by 47 CFR §§ 51.913(a)(1) and (a)(2).

Tariffed Non-Access IntraMTA Reciprocal Compensation between LECs and CMRS providers

LEC intrastate tariffed rates and charges for transport and termination on IntraMTA calls between LECs and CMRS providers shall be pursuant to bill-and-keep arrangements, consistent with 47 CFR §§ 51.701(b)(2), 51.705(a), and 51.713.

Other Tariffed Non-Access Reciprocal Compensation Arrangements

As of July 1, 2013, default transitional "Non-Access Reciprocal Compensation rates" included in an intrastate tariff shall not "exceed that carrier's tariffed interstate access rate in effect in [Indiana] on January 1 of that same year, for equivalent functionality"¹⁵ and shall comply with all applicable federal and state laws.

IURC Filing Requirements

General

- If you include a hyperlink to your tariffs within a cover letter or within the body of the tariff, please make sure that the hyperlink is functional, accurate, and current. In addition, please make sure that any such hyperlinks will take the reader directly to the tariff page(s) in question, without requiring the reader to "click through" multiple times to view those page(s).

Instant Mirroring Filings

- Those intrastate access tariffs and tariff filings that mirror, concur in, or adopt an interstate tariff or concur in the CCI intrastate access tariff are subject to the Commission's instant mirroring requirements, which are explained in the Commission's Order in Cause No. 44004 (July 13, 2011).
- Unless otherwise stated by the Commission or Staff, or unless otherwise requested by the filing party, Instant Mirroring Filings will have an effective date that is one business day later than the effective date of the applicable interstate access rates, charges, terms, and/or conditions.
- ***THE SUBJECT LINE FOR THE INSTANT MIRRORING FILING NOTICES should read as follows:*** "Re: Intrastate Switched Access Service –2014 Instant Mirroring Filing and Explanation of Compliance with FCC and IURC Requirements" **At a minimum, the notice should identify which (and whose) tariff the filing company will be mirroring.**

¹³ 170 IAC 1-6.

¹⁴ See, IURC Order in Cause No. 44004 (July 13, 2011).

¹⁵ 47 CFR §§51.705(c)(3).

30-Day Filings

- Intrastate access tariffs and tariff changes that do not: (1) mirror, concur in, or adopt an interstate tariff or (2) concur in another carrier's intrastate access tariff remain subject to the Commission's 30-Day Filing rules.¹⁶ This specifically includes, but is not limited to, ILEC tariffs that include the intrastate terminating end office rate for a particular rate element, rather than the interstate rate, "to ensure the maximum rate parity", consistent with paragraph 5 of the FCC's March 31 clarification order (DA 14-434).
- The following items must be included with the 30-Day Filing:
 - A cover letter explaining the purpose of the filing.
 - A written statement and supporting materials identifying and explaining the intrastate exceptions (i.e., the deviation from applicable FCC requirements).
 - Tariff sheet or sheets
 - Contact information for the filing company or entity regarding this filing, including the following for each person to be contacted:
 - The name of the person or persons to be contacted.
 - Telephone number.
 - Mailing address.
 - Either:
 - an electronic mailing address; or
 - a facsimile number.
- If a filing contains any intrastate exceptions, the entire filing will be treated as a 30-Day Filing, even if the remainder of the filing would otherwise be treated as an instant mirroring filing.
- In addition, **please leave the effective date blank on any 30-day filings that you make with the Commission.** We will stamp the effective date on the tariff pages after the Commission has approved your tariff changes, as described in 170 IAC 1-6-8.
- ***THE SUBJECT LINE FOR THE 30-DAY FILING NOTICES should read as follows:*** "Re: 30-Day Filing (Pursuant to 170 IAC 1-6) and Explanation of Compliance with FCC Requirements"

***** All filings and notices addressed in this letter should be sent to:**

Indiana Utility Regulatory Commission - Communications Division
Attn: Ms. Brandy Darlington - Tariff Administrator
101 W. Washington Street
Indianapolis, IN 46204
(317) 232-5559
bdarlington@urc.in.gov

Please contact Mr. Karl Henry at (317) 232-5585 or khenry@urc.in.gov if you have questions regarding the guidance provided in this letter.

Sincerely,



Pamela D. Taber, CPA
Director Communications
Indiana Utility Regulatory Commission
317-232-2755

¹⁶ 170 IAC 1-6.