



INDIANA UTILITY REGULATORY COMMISSION
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May 24, 2012

Dear Indiana Local Exchange Carrier:

On Nov. 18, 2011, the Federal Communications Commission (FCC) issued its USF/ICC Transformation Order¹ that resulted in a series of changes and reforms in the federal universal service fund mechanism and in various parameters of intrastate and interstate intercarrier compensation. Pursuant to the FCC order, all intrastate switched access rate elements for price cap carriers were capped at the levels in effect on Dec. 29, 2011 and all terminating switched access rate elements for rate of return carriers were capped at their levels in effect Dec. 29, 2011. The order instructs LECs to make filings effective on July 1 of each year, beginning in 2012², to gradually transition certain interstate and intrastate Switched Access Rates to bill-and-keep.

The purpose of this e-mail is to provide guidance regarding actions that need to be taken by Indiana local exchange carriers in order to comply with certain portions of the order and related rules affecting Indiana intrastate access tariffs – namely, those pertaining to Transitional Intrastate Access Service. The term “Transitional Intrastate Access Service” includes three components: terminating End Office Access Service, terminating Tandem-Switched Transport Access Service, and originating and terminating Dedicated Transport Access Service – so long as those services were subject to intrastate access rates as of December 31, 2011.³ General information regarding this service can be found in the USF/ICC Transformation Order at Paragraph 798, *et seq.*, and at 47 C.F.R. § 51.905. Rules specific to price cap carriers appear at 47 C.F.R. § 51.907(a) and (b). Rules specific to rate-of-return carriers appear at 47 C.F.R. § 51.909(a) and (b). Rules specific to CLECs appear at 47 C.F.R. § 51.911(a) and (b).

It should be noted, at the outset, that currently most Indiana ILECs charge intrastate access rates that generally mirror, concur in, or adopt [hereinafter, collectively referred to as “mirror” or “mirroring”], applicable interstate rates and charges or the rates in the CCI intrastate tariff. While mirroring among CLECs is less common, we are aware that mirroring by CLECs does occur, as well. Both ILECs and CLECs are permitted to file exceptions, subject to the Commission’s 30-day filing requirements. Carriers that intend to adopt a policy of mirroring for their Transitional Intrastate Access Service rates and charges are only required to: (1) identify which of the two FCC options (below) they are electing; (2) notify the IURC of their intent to mirror; and (3) specify which (and whose) rates and charges they will mirror. The IURC’s instant mirroring requirements will apply in this scenario. (See below for more detailed instructions regarding procedural requirements.)

In 47 C.F.R. § 51.907(b), 51.909(b), and 51.911(b), the FCC established two options for LECs in developing transitional intrastate access service rates and rate structures.

1. “A [LEC] may elect to establish rates for Transitional Intrastate Access Service using its intrastate access rate structure”; or
2. “In the alternative, a [LEC] may elect to apply its interstate access rate structure and interstate rates to Transitional Intrastate Access Service.”

¹ *In re: Connect America Fund, et al.*, WC Docket No. 10-90 et al. (FCC 11-161, rel. Nov. 18, 2011).

² 47 C.F.R. §§ 51.907(b)(1); 51.909(1); and 51.911(b)(1). Interstate annual filings for 2012 will become effective on July 3, rather than July 1, 2012. See *In the Matter of July 3, 2012 Annual Access Charge Tariff Filings*, WCB/Pricing File No. 12-07, paragraph 2 (DA 12-482).

³ 47 C.F.R. § 51.903(j).

Carriers choosing Option # 1 must establish rates for Transitional Intrastate Access Service to produce the revenue reductions required under the FCC rules.

IURC Filing Requirements for the Transitional Intrastate Access Services Tariff

There are three (3) different scenarios regarding the Transitional Intrastate Access Services filing requirements for Indiana (see below). **Regardless of which scenario applies to you, you must still notify the Commission which of the two FCC options you are choosing, and explain how your intrastate filing complies with that particular option. You must also comply with the applicable IURC filing requirements, either instant mirroring or 30-day filing.** If you are making a 30-day filing, please note you must fulfill all notice requirements under 170 IAC 1-6-6.

FCC Option # 1

- If you elect to implement Option # 1, you must follow the 30-Day Filing process, as set forth in the Indiana Administrative Code (170 IAC 1-6). The “30-day” period refers to a minimum 30-day period for staff review. **Customer notice is required under 170 IAC 1-6-6.** A verified statement is required under 170 IAC 1-6-5(a)(5). Please read and comply with all applicable requirements in 170 IAC 1-6. 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.

FCC Option # 2

- If you are currently mirroring the rates and charges in an interstate tariff or the CCI intrastate access tariff, with no exceptions, and you wish to continue doing so, you must notify the IURC of this fact and specify which (and whose) rates and charges you mirror. The instant mirroring requirements apply to this scenario; they are explained in the Commission’s Orders in Cause No. 43262 (AT&T Indiana), Cause No. 43977 (CCI/TDS), or Cause No. 44004 (all other facilities-based Indiana local exchange carriers, including both ILECs and CLECs).
- If you are not currently mirroring the rates and charges in an interstate tariff or the CCI intrastate access tariff but wish to begin doing so with this filing, you should follow the instant mirroring requirements laid out in the Commission’s Orders in Cause No. 43262 (AT&T Indiana), Cause No. 43977 (CCI/TDS), or Cause No. 44004 (all other facilities-based Indiana local exchange carriers, including both ILECs and CLECs).

Regardless of which option a carrier chooses, the Transitional Intrastate Access Service filings shall include no other tariff revisions than the modifications necessary to set forth the rates for transitional intrastate access service to comply with the Federal Communications Commission’s order. Any other rate adjustments or tariff revisions, even if they are required under the same FCC order, shall be filed separately.

As a reminder to all LECs, the FCC has made it clear that the new requirements for Transitional Intrastate Access Service filings should not be construed as either obligating or allowing any LEC “that has intrastate rates lower than its functionally equivalent interstate rates to make any intrastate tariff filing or intrastate tariff revisions raising such rates.” See, 47 C.F.R. §51.907(b)(2)(vi), 47 C.F.R. §51.909(b)(3), or 47 C.F.R. §51.911(b)(6).

Required Actions and Deadlines:

1. *Any LEC that has already determined that it will be choosing FCC Option # 1* must notify the Commission to that effect and file a 30-day filing no later than June 1, 2012, consistent with the requirements in 170 IAC 1-6. The 30-day filing packet should include an explanation of which FCC option you are choosing, as well as all of the information and documents required under the Commission's 30-day filing rules – including, but not limited to – the verified statement required under 170 IAC 1-6-6. IN ADDITION, any company electing this option should complete the attached revenue calculation spreadsheet.

*** **THE SUBJECT LINE FOR THE 30-DAY FILINGS should read as follows:** “Re: Transitional Intrastate Access Services –30-Day Filing (Pursuant to 170 IAC 1-6) and Explanation of Compliance with FCC Requirements”

2. *Any LEC that has already determined that it will be following FCC Option #2* should file a notice to that effect with the Commission, no later than June 20, 2012, indicating its intent to mirror the affected rates and charges in another tariff or tariff filing, and identifying which (and whose) tariff it will be mirroring, and which of the two FCC options it is electing to follow. The IURC's instant mirroring requirements would apply under this scenario.

*** **THE SUBJECT LINE FOR THE INSTANT MIRRORING FILING NOTICES should read as follows:** “Re: Transitional Intrastate Access Services –Instant Mirroring Filing and Explanation of Compliance with FCC Requirements”

3. *We recognize that some LECs cannot make the election decision so soon because they do not know what the rates and charges they might potentially wish to mirror will be.* This creates uncertainty that may prevent a particular LEC from determining whether it wishes to mirror another tariff. LECs in this category should notify the Commission of their particular situation by June 1 but are hereby granted an extension until a date certain no later than 10 days after the applicable interstate (or CCI intrastate) access rates and charges are filed with the FCC or the IURC, respectively, to make either an instant mirroring filing or 30-day filing, as applicable.

*** **THE SUBJECT LINE FOR THE EXTENSION REQUESTS should read as follows:** “Re: Transitional Intrastate Access Services –Request for Extension Pursuant to Paragraph 3 (Required Actions and Deadlines)”

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

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

Please call me or Karl Henry at (317) 232-5585 if you have questions.

Sincerely,



Pamela D. Taber, CPA

Director Communications
Indiana Utility Regulatory Commission
317-232-2755