



Matthew Nodine
Assistant Vice President
Federal Regulatory

AT&T Services, Inc.
1120 20th Street, NW
Suite 1000
Washington, DC 20036

T: 202.457.3715
F: 214.486.1602
matthew.nodine@att.com
att.com

March 8, 2018

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Iowa Network Access Division Tariff F.C.C. No. 1, WC Docket No. 18-60.*

Dear Ms. Dortch,

On March 8, 2018, James Bendernagel of Sidley Austin, LLP, and Christi Shewman and the undersigned of AT&T, met with Lisa Hone, Pamela Arluk, Victoria Goldberg, Gil Strobel, Edward Krachmer, Lynne Engledow, Joseph Price, Al Lewis, Arielle Roth, Richard Kwiatkowski (telephonically), Robin Cohn (telephonically), Jim Lichford (telephonically), and Vienna Jordan (telephonically) of the Wireline Competition Bureau.

The purpose of the meeting was to discuss the issues raised by Aureon's February 22, 2018 Tariff Filing and the types of documents and other material that would be needed to determine if Aureon's proposed rate for its centralized equal access ("CEA") service is just and reasonable, complies with the Commission's price cap regulations and was properly calculated and supported under the requirements of Section 61.38. During the meeting, AT&T and Commission Staff discussed the attached presentations, which address those matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Nodine", with a long horizontal flourish extending to the right.

Matt Nodine

AT&T Services, Inc.

Cc: Lisa Hone
Pamela Arluk
Joseph Price
Victoria Goldberg
Gil Strobel
Edward Krachmer
Al Lewis
Lynne Engledow
Arielle Roth
Richard Kwiatkowski
Robin Cohn



Matthew Nodine
Assistant Vice President
Federal Regulatory

AT&T Services, Inc.
1120 20th Street, NW
Suite 1000
Washington, DC 20036

T: 202.457.3715
F: 214.486.1602
matthew.nodine@att.com
att.com

Jim Lichford
Vienna Jordan

**KEY ISSUES RELATING TO AUREON'S
FEBRUARY 22, 2018 TARIFF FILING**

- 1) Whether Aureon's proposed rate for its centralized equal access ("CEA") service in its February 22 Tariff is just and reasonable?
- 2) What is the appropriate benchmark rate for Aureon's CEA service under 47 C.F.R. § 51.911(c), and whether Aureon's proposed rate for its CEA service is at or below the applicable benchmark rate?
- 3) Whether Aureon's February 22 Tariff filing complies with the requirements of 47 C.F.R. § 61.38 ("Section 61.38"), and whether Aureon's proposed rate for its CEA service has been properly calculated and supported under the requirements of Section 61.38?
 - Whether Aureon's February 22 Tariff filing properly discloses and allocates network costs to Aureon's Access Division, for purposes of setting Aureon's CEA rate?
 - Whether Aureon's February 22 Tariff filing uses an appropriate methodology in allocating cable and wire facility costs to the Access Division, for purposes of setting Aureon's CEA rate?
 - Whether the lease amount charged to Aureon's Access Division in Aureon's February 22 Tariff filing was properly derived and the basis for that calculation?
 - Whether Aureon's February 22 Tariff filing properly discloses and derives the lease rate charged to the Access Division, for purposes of setting Aureon's CEA rate?
 - Whether Aureon's February 22 Tariff filing uses an accurate and reliable method for forecasting traffic, for purposes of setting Aureon's CEA rate?
 - Whether Aureon's February 22 Tariff filing appropriately treats "uncollectible revenues" in Aureon's revenue requirement?

DOCUMENTS AND OTHER MATERIAL RELATING TO
AUREON'S FEBRUARY 22, 2018 TARIFF FILING

1. A fully functional spreadsheet, including the actual computations, of Aureon's claimed interstate revenue requirement for its 2018 test year inclusive of inputs and all intermediate results and outputs and supporting documentation.
2. The following documents relating to Aureon's network cost calculations:
 - Documents supporting Aureon's total Centralized Office Equipment ("COE") and Cable & Wire Facility ("CWF") costs and/or revenue requirement for 2017 and showing the bases for those computations.
 - Documents supporting Aureon's allocation of its 2017 COE and CWF costs and/or revenue requirement between services (e.g. DS-1, DS-3, OC-3, OC-12, ethernet, etc.) and showing the bases for those allocations.
 - Documents supporting Aureon's allocation of its 2017 total network costs (i.e., its 2017 COE and CWF costs and/or revenue requirement) between its CEA service and its other non-regulated services and showing the basis for those allocations.
 - Documents supporting the lease amount and the lease rate charged to the Aureon's Access Division in 2017 for use of Aureon's network and showing the basis for those calculations.
 - Documents supporting the lease amount set forth on Schedule 5, page 3, line 68a of Aureon's 2018 Tariff Filing and showing the basis for that calculation.
 - Documents disclosing the lease rate underlying the lease amount set forth on Schedule 5, page 3, line 68a of Aureon's 2018 Tariff Filing and showing the basis for the calculation of that lease rate.
 - Documents supporting the claim (at 12 of Aureon's Consolidated Reply to Petitions) that the \$5 million decline in the lease amount charged to the Access Division between the 2017 and 2018 test periods was a function of overall cost declines in Net Plant Investment, Operating Expenses and Taxes.

3. The following documents relating to Aureon's Net Investment Rate Base and its Operating Expense ("OPEX") calculations:

- Documents showing the reasons for the decline (discussed at 4 of "Introduction, Overview and Rate Development" of Aureon's 2018 Tariff Filing) in Access Division's Net Investment Rate Base and Total OPEX between the 2017 and 2018 test years.

- Documents supporting the claim (at 13 of Aureon's Consolidated Reply to Petitions) that "the primary cause for the reduction in net plant investment in the test year cost of service when compared to previous years is the exclusion of uncollectible revenues from the revenue requirement" and explaining the basis for that claim.

- Documents explaining why uncollectible revenues were "excluded from the OPEX and Taxes components" and why those exclusions also required the exclusion of "the Deferred Tax Asset that relates to those items." *See* Aureon's Consolidated Reply to Petitions at 13-14.

4. The following documents relating to Aureon's Exclusion of Uncollectible Revenues from the revenue requirement for its 2018 test year:

- Documents explaining the basis for Aureon's exclusion of uncollectible revenues from the revenue requirement for its 2018 test year and reconciling the explanation provided at page 5 of the "Introduction, Overview and Rate Development" to its 2018 Tariff Filing (that AT&T and other IXCs were expected to pay Aureon's CEA rates in 2018) with the explanation at page 11 of Aureon's Consolidated Reply to Petitions (that Aureon expects AT&T will pay past amounts in 2018 as a result of the Commission's decision in the *Liability Order*).

- To the extent that Aureon excluded Uncollectible Revenues from its 2018 test year because it expects that AT&T will pay past amounts in 2018 as a result of the Commission's decision in the *Liability Order*, were any of those payments taken into account in calculating Aureon's Proposed Rate? If so, identify where those payments are addressed in Aureon's Tariff Filing and provide any supporting documentation. If not, explain the basis for not taking those payments into account.

- Documents showing the method by which Aureon tracks the recovery of Uncollectible Revenues included in its prior rates and whether those recoveries are taken into account in subsequent rate filings.

5. The following documents relating to Aureon's Projected Demand for its 2018 test year:

- Documents showing the actual computations used to develop projected demand for the 2018 test year.

- Documents explaining the basis for the purported decline in CEA traffic in the fourth quarter of 2017.

- Documents reflecting Aureon's traffic for the first two months of 2018 as compared to the traffic projection for that period included in Aureon's 2018 Tariff Filing.

- Documents showing the monthly volumes of CEA traffic in 2017 delivered to CLECs that Aureon believes were engaged in access stimulation.

- Documents showing the types and quantities of transport services other than CEA service (i.e., DS-1, DS-3, OC-3, OC-12, ethernet, etc.) provided by Aureon in 2017 to CLECs that Aureon believes were engaged in access stimulation and, for each such service, the monthly volumes of traffic transported over that service in 2017.

6. A fully functional spreadsheet supporting Mr. Sullivan's calculation of the Access Division's revenue requirement (discussed at page 14 of Aureon's Consolidated Reply to Petitions) assuming there was no lease and Aureon's assets and costs were assigned to the Access Division in accordance with the Commission's rules.

- All documents, workpapers and computations supporting Mr. Sullivan's use of Allocation Factors AL 1 through AL 7 of the Part 64 portion of his calculation of the Access Division's revenue requirement assuming there was no lease and Aureon's assets and costs were assigned to the Access Division in accordance with the Commission's rules.

- All documents, workpapers and computations supporting Mr. Sullivan's use of Allocation Factors AL 1 through AL 3 of the Part 36 portion of his calculation of the Access Division's revenue requirement assuming there

was no lease and Aureon's assets and costs were assigned to the Access Division in accordance with the Commission's rules.

7. The basis for the claim (at 6 of Aureon's Consolidated Reply to Petitions) that the average transport distance traversed by CEA minutes of use on Aureon's network is slightly higher than 100 miles and all supporting documentation.