

Before the
Federal Communications Commission
Washington, D.C. 20554

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FOR MAIL SECTION

In the Matter of)
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2000 Annual Access Tariff Filings) CC Docket No. 00-122
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MEMORANDUM OPINION AND ORDER

Adopted: June 30, 2000

Released: June 30, 2000

By the Chief, Competitive Pricing Division:

I. INTRODUCTION

1. Local exchange carriers (LECs) are required by Section 69.3(a) of the Commission's rules to file annual revisions to their interstate tariffs to become effective July 1, 2000.¹ Price cap LECs and LECs subject to rate of return regulation filed their tariff transmittals on June 16, 2000,² with AT&T, GCI, Sprint, and WorldCom filing petitions to suspend and investigate on June 22, 2000. On June 27, 2000, some LECs filed replies to the petitions filed by AT&T, GCI, Sprint, and WorldCom.³

2. In this Memorandum Opinion and Order, we suspend for one day and set for investigation the price cap LECs' 2000 Annual Access Tariffs in the following areas: 1) the rates for the traffic sensitive and trunking baskets, elements of which comprise the average traffic sensitive (ATS) rates, of all the price cap LECs; 2) the rates for the CMT baskets of Ameritech, Citizens, GSTC, GTOC, and Southwestern Bell; 3) the rates for the special access baskets of all the price cap LECs except Aliant, Cincinnati Bell, Citizens, Frontier of Minnesota and Iowa, and Sprint; and 4) the universal service fund (USF) rates of Nevada Bell, Pacific, and Southwestern Bell.

II. DISCUSSION

3. The price cap LECs' annual tariff filings are largely compliant with Commission rules, despite having to implement substantial rule revisions on short notice.⁴ The concerns we have are minor

¹ 47 C.F.R. § 69.3(a).

² Appendix A lists the price cap and rate of return LECs filing tariffs, their tariff transmittal numbers, and identifies the abbreviated names used for the price cap LECs.

³ Appendix B lists the petitions and replies to the tariff filings, and identifies the abbreviated names used for the petitioners.

⁴ Access Charge Reform, CC Docket No. 96-262, Sixth Report and Order in CC Docket Nos. 96-262 and 94-1, Report and Order in CC Docket No. 99-249, Eleventh Report and Order in CC Docket No. 96-45, FCC 00-193 (rel. May 31, 2000) (*CALLS Order*).

relative to the number of changes they have had to implement. Nevertheless, the price cap tariff filings require further inquiry.

4. We find that AT&T, Sprint, and WorldCom present arguments in support of their petitions to suspend and investigate the price cap LECs' 2000 Annual Access Tariffs that raise substantial questions of lawfulness that warrant investigation of these tariffs.⁵ These issues may include, but are not limited to, the following: 1) whether most price cap LECs improperly removed USF recovery from ATS rates; 2) whether Ameritech, Bell South, GSTC, GTOC, Pacific, and Southwestern Bell have improperly counted voluntary ATS reductions, low-end adjustment reversals, sharing true-ups, and/or sales of exchanges toward the \$2.1 billion target for ATS reductions; 3) whether GSTC, GTOC, and all the RBOCs except Bell Atlantic have improperly included SNET revenues in the special access basket but excluded such revenues from the overall ATS calculation; and 4) whether Citizens has failed to make the proper 'R' value adjustment when removing USF exogenous cost amounts.

5. In addition to the issues raised by the petitioners, we have identified other issues that raise substantial questions of lawfulness that warrant investigation of the price cap LECs' tariffs. These may include, but are not limited to, whether the USF line item charges of Nevada Bell, Pacific, and Southwestern Bell are reasonable. We note that the USF charges of Nevada Bell, Pacific, and Southwestern Bell appear to be significantly higher than what is necessary to recover the companies' universal service contributions associated with switched access service.

6. We note that it is necessary to suspend the ATS rates of all price cap LECs -- even those whose ATS rates may not raise substantial questions of lawfulness when viewed in isolation. Under the Commission's recently adopted rule revisions,⁶ price cap LECs must make a collective \$2.1 billion reduction in switched access usage charges in their 2000 Annual Access Tariffs.⁷ Under section 61.48(l), each price cap LEC's reduction is affected by the reductions of the other price cap LECs. Thus, if any price cap LEC's ATS rates need to be recalculated in this investigation, they will all need to be recalculated.

7. Accordingly we will suspend the price cap LECs' 2000 Annual Access Tariff filings, to the extent indicated in paragraph 2, *supra*. The specific issues that will be the subject of the investigation will be identified in an upcoming designation order and may include, but may not be limited to, the issues identified in this Order. We may also, by order, identify discrete issues that do not warrant further investigation.

III. EX PARTE REQUIREMENTS

8. This investigation is a permit-but-disclose proceeding and subject to the requirements of Section 1.1206(b) of the rules, 47 C.F.R. § 1.1206(b), as revised. Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentations must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented is generally required. *See* 47 C.F.R. § 1.1206(b)(2), as revised. Other rules pertaining to oral and written presentations are set forth in

⁵ 47 U.S.C. § 204(a).

⁶ *See CALLS Order.*

⁷ *See* 47 CFR § 61.48(l).

Section 1.1206(b), as well.

IV. ORDERING CLAUSES

9. ACCORDINGLY, IT IS ORDERED that, pursuant to Section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to Sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, the revised tariff rates for the traffic sensitive and trunking baskets filed by all price cap local exchange carriers, listed in Appendix A, ARE SUSPENDED for one day and an investigation IS INSTITUTED.

10. IT IS FURTHER ORDERED that, pursuant to Section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to Sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, the revised tariff rates for the CMT baskets filed by Ameritech Operating Companies, Citizens Telecommunications Companies, GTE System Telephone Companies, GTE Telephone Operating Companies, and Southwestern Bell Telephone Company, ARE SUSPENDED for one day and an investigation IS INSTITUTED.

11. IT IS FURTHER ORDERED that, pursuant to Section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to Sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, the revised tariff rates for the special access baskets of Ameritech Operating Companies, Bell Atlantic Telephone Companies, BellSouth Telecommunications, Inc., Frontier Telephone of Rochester, Inc., GTE System Telephone Companies, GTE Telephone Operating Companies, Iowa Telecommunications Services, Inc., Nevada Bell, Pacific Bell Telephone Company, Southern New England Telephone Co., Southwestern Bell Telephone Company, U S WEST Communications, Inc., and Valor Telecommunications Southwest ARE SUSPENDED for one day and an investigation IS INSTITUTED.

12. IT IS FURTHER ORDERED that, pursuant to Section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to Sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, the proposed universal service fund tariff rates of Nevada Bell, Pacific Bell Telephone Company, and Southwestern Bell Telephone Company ARE SUSPENDED for one day and an investigation IS INSTITUTED.

13. IT IS FURTHER ORDERED that, pursuant to Sections 204(a) and 4(i) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 204(a), 154(i), and through the authority delegated pursuant to Sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, all price cap local exchange carriers, listed in Appendix A, SHALL KEEP ACCURATE ACCOUNT of all amounts received that are associated with the rates that are subject to this investigation.

14. IT IS FURTHER ORDERED that each local exchange carrier required to suspend its tariff revisions for one day pursuant to this Order MAY FILE a supplement advancing the currently scheduled effective date to June 30, 2000. For this purpose, we waive Sections 61.58 and 61.59 of the Commission's rules, 47 C.F.R. §§ 61.58, 61.59. Carriers should cite the "DA" number on the instant Order as the authority for the filings.

15. IT IS FURTHER ORDERED that each local exchange carrier required to suspend its tariff revisions for one day pursuant to this Order SHALL FILE a supplement reflecting the one day suspension.

16. IT IS FURTHER ORDERED that all local exchange carriers noted above SHALL FILE

these supplements no later than five business days from the release date of this Order.

17. IT IS FURTHER ORDERED that the petitions to suspend and investigate or to reject the Annual 2000 Access Tariff Filings ARE GRANTED to the extent indicated herein and otherwise ARE DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Jane E. Jackson
Chief
Competitive Pricing Division
Common Carrier Bureau

APPENDIX A

FILINGS MADE BY PRICE CAP CARRIERS FOR ANNUAL ACCESS 2000

June 16, 2000

Aliant Communications Company (Aliant)	Transmittal No. 33
Ameritech Operating Companies (Ameritech)	Transmittal No. 1238
Bell Atlantic Telephone Companies (Bell Atlantic)	Transmittal No. 1304
BellSouth Telecommunications, Inc. (BellSouth)	Transmittal No. 550
Cincinnati Bell Telephone Company (Cincinnati Bell)	Transmittal No. 749
Citizens Telecommunications Companies (Citizens)	Transmittal No. 78
Frontier Communications of Minnesota and	
Frontier Communications of Iowa (Frontier of Minnesota and Iowa)	Transmittal No. 27
Frontier Telephone of Rochester, Inc. (Frontier of Rochester)	Transmittal No. 28
GTE System Telephone Companies (GSTC)	Transmittal No. 322
GTE Telephone Operating Companies (GTOC)	Transmittal No. 1261
Iowa Telecommunications Services, Inc. (Iowa Telecom)	Transmittal No. 1
Nevada Bell	Transmittal No. 308
Pacific Bell Telephone Company (Pacific)	Transmittal No. 6
Southern New England Telephone Co. (SNET)	Transmittal No. 747
Southwestern Bell Telephone Company (Southwestern Bell)	Transmittal No. 2831
Sprint Local Telephone Companies (Sprint)	Transmittal No. 117
Sprint Local Telephone Companies	Amended Trans. No. 117
U S WEST Communications, Inc. (U S WEST)	Transmittal No. 1081
Valor Telecommunications Southwest (Valor)	Concurs in GTOC Tariffs

June 19, 2000

Frontier Telephone of Rochester, Inc.	Transmittal No. 29
Nevada Bell	Amended Trans. No. 308
Pacific Bell	Amended Trans. No. 6
Southern New England Telephone Co.	Amended Trans. No. 747
U S WEST Communications, Inc.	Amended Trans. No. 1081

June 22, 2000

GTE Telephone Operating Companies	Amended Trans. No. 1261
U S WEST Communications, Inc.	2 nd Amended Trans No. 1081

June 27, 2000

Bell Atlantic Telephone Companies	Transmittal No. 1307

June 28, 2000

Aliant Communications Company	Transmittal No. 34
Bell Atlantic Telephone Companies	Transmittal No. 1308
Frontier Communications of Minnesota	

and Frontier Communications of Iowa	Transmittal No. 28
Frontier Telephone of Rochester, Inc.	Transmittal No. 30
GTE Telephone Operating Companies	Transmittal No. 1262
Sprint Local Telephone Companies	Transmittal No. 119
U S WEST Communications, Inc.	Transmittal No. 1082

FILINGS MADE BY RATE OF RETURN CARRIERS FOR ANNUAL ACCESS 2000

June 15, 2000

Winterhaven Telephone Company	Transmittal No. 7

June 16, 2000

Alltel Telephone System	Transmittal No. 85
Anchorage Telephone Utility	Transmittal No. 108
CenturyTel Operating Companies	Transmittal No. 9
Chillicothe Telephone Company	Transmittal No. 67
Council Grove Telephone Company	Transmittal No. 2
Dunkirk and Fredonia Telephone Co.	Transmittal No. 26
Gallatin River Communications	Transmittal No. 1
Gulf Telephone Company	Transmittal No. 1
GVNW Inc./ Management	Transmittal No. 169
ICORE	Transmittal No. 24
Illinois Consolidated Telephone Company	Transmittal No. 106
Iowa Network Access Division	Transmittal No. 18
James Valley Cooperative Telephone Co.	Transmittal No. 1
John Staurulakis, Inc.	Transmittal No. 47
National Exchange Carrier Association (NECA)	Transmittal No. 864
Puerto Rico Telephone Company (PRTC)	Transmittal No. 38
Roseville Telephone Company (Roseville)	Transmittal No. 71
Sioux Valley Telephone Company	Transmittal No. 1
South Dakota Network, Inc.	Transmittal No. 2
Telephone Exchange Utilities Carrier Assoc.	Transmittal No. 164
Townes Telecommunications, Inc.	Transmittal No. 9
TXU Communications Telephone Co.	Transmittal No. 5
Virgin Islands Telephone Corporation	Transmittal No. 42
Wood County Telephone Company	Transmittal No. 29

June 22, 2000

Utelco, Inc.	Transmittal No. 7

APPENDIX B

PETITIONS FILED AGAINST THE 2000 ANNUAL ACCESS TARIFF FILINGS

AT&T Corp. (AT&T)
General Communication, Inc. (GCI)
Sprint Corporation (Sprint)
WorldCom, Inc. (WorldCom)

REPLIES FILED IN THE 2000 ANNUAL ACCESS TARIFF FILINGS

Aliant Communications Company
Bell Atlantic Telephone Companies
BellSouth Telecommunications, Inc.
GTE Telephone Operating Companies and GTE System Telephone Companies
Iowa Telecommunications Services, Inc.
National Exchange Carrier Association
Roseville Telephone Company
SBC Communications Inc.
U S West Communications, Inc. (U S West)