

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

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
A National Broadband Plan for Our Future)	GN Docket No. 09-51
)	
Establishing Just and Reasonable Rates for Local Exchange Carriers)	WC Docket No. 07-135
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Developing an Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Link-Up)	WC Docket No. 03-109
)	
Universal Service Reform – Mobility Fund)	WT Docket No. 10-208

PETITION FOR CLARIFICATION

The National Exchange Carrier Association, Inc. (NECA or Association)¹ files this Petition for Clarification of the Order,² released November 18, 2011, by the Federal Communication Commission (Commission).

¹ NECA is a non-stock, not-for-profit association formed in 1983 pursuant to the Commission’s Part 69 access charge rules. *See generally* 47 C.F.R. § 69.600 *et seq.* NECA is responsible for filing interstate access tariffs and administering associated revenue pools on behalf of over 1100 incumbent local exchange carriers (“ILECs”) that choose to participate in these arrangements.

² *Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local*

The Order adopted a number of changes to the Commission's rules governing Universal Service support and Intercarrier Compensation (ICC). In reviewing the Order, NECA has identified an inconsistency in Part 69 of the Commission's access rules related to the apportionment of NECA administrative expenses.

Specifically, the Commission has implemented changes to the ICC processes for rate of return carriers to implement new interstate recovery mechanisms.³ Revenues associated with the new support mechanisms, however, were not included in the allocation base in section 69.603(g) (47 C.F.R. § 69.603(g)) for purposes of apportioning Association Category I expenses among the various subcategories. When the Commission implemented Interstate Common Line Support (ICLS), it modified section 69.603(g) of its rules to include ICLS revenues in the allocation base for Association Category I.B expenses.⁴

Exchange Carriers, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link-Up*, WC Docket No. 03-109, *Universal Service – Mobility Fund*, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) (*Order*).

³ These recovery mechanisms, the Access Recovery Charge (ARC) and Connect America Fund (CAF) ICC support, allow the recovery of ICC revenues reduced due to Commission-adopted reforms from alternate revenue sources.

⁴ Specifically, the Commission modified section 69.603(g) of its rules by inserting the phrase "Beginning July 1, 2002, Interstate Common Line Support revenues shall be included in the allocation base for Category I.B expenses." *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation*, CC Docket No. 98-77, *Prescribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers*, CC Docket No. 98-166, Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166, 16 FCC

For consistency, NECA seeks clarification that revenues associated with the new interstate recovery mechanisms are to be included in the allocation of Association expenses to Category I.C. If appropriate, for utmost clarity, the Wireline Competition Bureau (Bureau) could, pursuant to the authority delegated in the *Order*,⁵ append the following sentence to section 69.603(g): “Beginning July 1, 2012, Connect America Fund Intercarrier Compensation support revenues and Access Recovery Charge revenues shall be included in the allocation base for Category I.C expenses.”⁶

Respectfully submitted,

NATIONAL EXCHANGE CARRIER
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Rcd 19613 (2001) At the same time, the Commission added a new sentence at the end of section 69.603(h)(5) as follows: “Beginning July 1, 2002, Interstate Common Line Support shall be subject to this provision.” *Id.* This made clear that adjustments for Category I.B. expenses associated with ICLS would only affect distributions from relevant association revenues.

⁵ See *Order* at ¶ 1404 (“...[W]e delegate authority to the Wireline Competition Bureau and Wireless Telecommunications Bureau, as appropriate, to make any further rule revisions as necessary to ensure that the reforms adopted in this Order are properly reflected in the rules. This includes correcting any conflicts between the new or revised rules and existing rules as well as addressing any omissions or oversights.”)

⁶ The Bureau may also wish to add conforming language to section 69.603(h)(6) similar to what was added to subsection (h)(5).