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**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of

Connect America Fund
High Cost Universal Service Support

WC Docket No. 10-90
WC Docket No. 05-337

COMMENTS OF THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

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I. INTRODUCTION

The Public Service Commission of West Virginia (WVPSC) hereby tenders comments to the Federal Communications Commission (Commission) in support of a Petition for Waiver of Sections 54.313(a)(10) and 54.318(i) of the Commission Rules filed by Frontier Communications Corporation (Frontier). In response to the Petition, the Wireline Competition Bureau solicited comments from interested parties. Frontier previously submitted comments to the Wireline Competition Bureau on July 26, 2012, advocating for similar relief.¹ In the Petition for Waiver, Frontier requested that the Commission allow Frontier to employ a weighted average when calculating the rate floor for continued receipt of full support from the Universal Service Fund (USF). Without using the weighted average, Frontier must increase rates on customers subscribed to certain tiers of its measured local calling services to avoid losing a portion of its USF support.

WVPSC supports and offers comments regarding the waiver request Frontier filed. WVPSC believes that the current rate structure used by Frontier (and other wireline telephone providers in West Virginia) for local service gives West Virginia customers an affordable option for telecommunications services that actually protects the USF by operating in lieu of Lifeline services. Further, the combination of low average incomes,

¹ WVPSC filed similar reply comments in support of the previous Frontier filing on October 25, 2012, in WC Docket No. 10-90.

rural mountainous terrain and a relatively elderly population all weigh in favor of the Commission applying its rate floor in a manner that permits the largest number of available telecommunications options instead of penalizing West Virginia telecommunications providers for offering an inexpensive option, particularly in a state with large areas bereft of wireless service.

II. FACTUAL BACKGROUND

WVPSC has reviewed the factual backgrounds within both the comments Frontier filed responding to the July 26, 2012 Notice and the Petition for Waiver. In these documents, Frontier adequately described the process behind the formulation of the current local calling structure that applies throughout West Virginia and its motivation for the Petition for Waiver. Therefore, WVPSC will dispense with reiterating the factual background, adopt Frontier's background statements and incorporate them by reference.

III. COMMENTS OF WVPSC

WVPSC offers the following comments in support of the Petition for Waiver filed by Frontier requesting that the Commission allow it to employ a weighted average in calculating the rate floor applicable to landline telecommunications providers obtaining high cost USF support.

A. An inexpensive measured landline rate tier such as the Thrifty Caller plan is in concert with the goals of the USF.

The Commission has recently implemented a number of reforms to the USF, but it retained the goal of extending affordable telecommunications services to rural and low-income consumers. In the Matter of Lifeline and Link Up Reform and Modernization, WC Docket 11-42, et al., Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (Rel. February 6, 2012) at ¶3. In support of that goal, the Commission employs high-cost USF support, the new mobility fund and the Lifeline program. Each is a worthwhile means to expand telecommunications to consumers otherwise unable to obtain those services, but the bottom or Thrifty Caller tier within the current Frontier local calling price structure in West Virginia advances a similar goal. The flat monthly fee of approximately \$7.00 per month plus measured service for Thrifty Caller subscribers may appear to be a highly subsidized rate, but that view fails to account for the impact of the measured service element or the relative expense of telecommunications services in the budget of a low income consumer. A subscriber to this rate tier has chosen (from either economic necessity or as a reflection of historic usage) to minimize outgoing calls or pay a higher variable rate at times of increased telephone usage.

WVPSC believes that West Virginia consumers using the Thrifty Caller rate plan or the parallel offerings of other carriers in this State provide a complementary service to the Lifeline program supported from the USF. Similar to Lifeline, but without the

restraints thereon, an elderly or low income Frontier customer in West Virginia may choose the Thrifty Caller plan and voluntarily restrict outgoing telecommunications usage to maintain a low-cost landline. The low flat rate in this plan does not necessarily result in any unjust capture of federal subsidies by that consumer, but only reflects low consumption of telecommunications services. Essentially a Thrifty Caller participant has elected to ration his or her telecommunications service because of economic necessity or based on other needs. Further, WVPSC believes that the lack of direct federal subsidies to the Thrifty Caller plan may attract customers that would shun direct government support from the Lifeline program. Therefore, applying a rate floor in a manner that penalizes these customers by requiring increased rates for full USF participation indirectly harms these customers and the longstanding goal of universal service underlying the USF.

B. Participants in low-cost rate plans in this State are likely older and have lower incomes than other telecommunications consumers.

WVPSC believes that many customers participating in inexpensive calling plans offered by Frontier and other West Virginia carriers including Thrifty Caller share many of the demographic characteristics of West Virginia residents in general. On average, West Virginia residents are older than telecommunications consumers nationally. West Virginia residents also have an average income below that of other states. While either elderly or lower income consumers may be unable (or unwilling) to participate in

programs such as Lifeline, WVPSC believes that these residents need affordable market-based offerings that allow them access to at least some level of telecommunications services. Customers using lower tier telecommunications services such as Thrifty Caller represent a minority of all landline customers², but WVPSC believes that this group is sufficiently significant to warrant consideration by the Commission. WVPSC urges the Commission to accommodate these consumers when applying its rate floor mechanism to Frontier because WVPSC believes they share many characteristics with other consumers that the Commission assists through the USF. WVPSC cannot imagine that the Commission would intend to advance universal service for one class of customers with the USF at the expense of a similarly situated class of customers.

C. Rural areas of West Virginia have few telecommunications alternatives and may see increased rates directly attributable to a rate floor that does not include weighted usage.

WVPSC believes that geography is an important factor supporting the need to retain a low-cost rate plan based on measured service in West Virginia. Unlike other areas of the United States, many areas that Frontier and other carriers serve in West Virginia have little effective telecommunications competition. Relatively populous areas of this State have landline providers, cable offerings and cellular coverage, but rural portions of West Virginia do not share these benefits. In many instances, the only

² Petition for Waiver at 5.

available options are the landline incumbent carrier (predominantly Frontier in West Virginia) and resold service. Rural landline customers are often beyond the range of cellular service and terrestrial cable infrastructure. Therefore, these customers must obtain telecommunications services from landline carriers in the tiers Frontier described in its prior comments. Applying a rate floor without the weighted average Frontier requested provides an incentive to increase rates on lower tier telephone packages for a segment of essentially captive customers without competitive alternatives, many of whom are the elderly and low income customers discussed above.

IV. CONCLUSION

Based on the foregoing, WVPSC urges the Commission to grant the Petition for Waiver and adopt the weighted average method for calculating the rate floor Frontier requested.



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CERTIFICATE OF SERVICE

I hereby certify that on February 4, 2013, I have served a copy of the foregoing document on the following by mailing a true copy thereof by United State First Class Mail, postage paid:

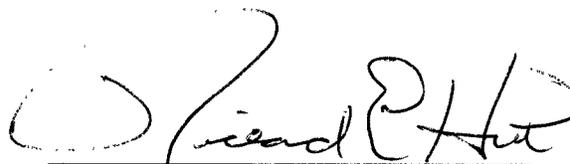
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