

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Tariffs to Reduce Access)
Rates of Local Telecommunications Companies)
Pursuant to Federal Communications Commission) File No. TT-2012-0317
Report and Order FCC 11-61.)

**AT&T'S REPLY TO PUBLIC COUNSEL COMMENTS ON
STAFF MOTION TO OPEN DOCKET**

AT&T¹ respectfully suggests that the concerns Public Counsel expressed in its Amended Response² are misplaced. Staff, in its Motion,³ seeks the establishment of a single case for the orderly filing and efficient review of tariffs the FCC ordered all local exchange companies ("LECs") to file to reduce intrastate switched access rates.⁴ Staff's motion seeks no more than what the FCC's *USF/ICC Transformation Order* requires or authorizes.

Background

The FCC's *USF/ICC Transformation Order* comprehensively reforms the intercarrier compensation regime by adopting a uniform national bill-and-keep framework as the ultimate end-state for all telecommunications traffic exchanged with a LEC. From an access perspective, the FCC plan first requires adjustments to bill-and-keep on terminating access and various transport rates.⁵

Rate Caps. The transition to bill-and-keep starts with a cap on all interstate switched access rates at the December 29, 2011 levels. For price cap carriers (such as AT&T Missouri,

¹ Southwestern Bell Telephone Company, d/b/a AT&T Missouri will be referred to in this pleading as "AT&T."

² Office of Public Counsel's Amended Response, filed March 27, 2012, in Case No. TT-2012-0317.

³ Motion to Open Case, filed by Staff of the Missouri Public Service Commission on March 23, 2012 in Case No. TT-2012-0317.

⁴ *Connect America Fund et al.*, WC Docket No. 10-90 et al., *Report and Order and Further Notice of Proposed Rulemaking*, FCC 11-161 (rel. Nov. 18, 2011) ("*USF/ICC Transformation Order*"), *Pets. for review pending, Direct Comm'ns Cedar Valley, LLC vs. FCC*, No. 11-9581 (10th Cir. filed Dec. 18, 2011) (and consolidated cases).

⁵ The FCC has sought further comment on transitioning the remaining rate elements (including originating access) to bill-and-keep in its Further Notice of Proposed Rulemaking portion of the *USF/ICC Transformation Order*, with comments having been filed February 24, 2012, and reply comments due March 30, 2012.

Windstream, and CenturyLink), all intrastate switched access rates are also capped.⁶ For rate of return carriers (most rural LECs), the cap on intrastate switched access rates is limited to terminating access.⁷ For CLECs competing with price cap carriers, all intrastate switched access rates are capped, but for CLECs competing with rate-of-return carriers there is no cap on originating access rates.⁸

Reduction of Intrastate Access Rates to Parity. Next, each carrier must reduce its terminating intrastate switched access rates to the level of its interstate switched access rates in two steps. The intrastate rate will be reduced by one-half of the differential on July 1, 2012;⁹ and by the remaining one-half of the differential on July 1, 2013.¹⁰ On July 1, 2013, the affected intrastate access rates must match interstate rates in rate levels and rate structure.

Reduction to Bill-and-Keep. Both intrastate and interstate terminating switched access rates are phased down over several years to a bill-and-keep methodology. The end-date of this process for price cap carriers is July 1, 2018.¹¹ For rate of return carriers, it is July 1, 2020.¹²

State Commission Role under the *USF/ICC Transformation Order*. The FCC explicitly charged State Commission's with the responsibility of facilitating implementation of changes to intrastate access rates to ensure compliance with its Order:

Because carriers will be revising intrastate access tariffs to reduce rates for certain terminating switched access rate elements, and capping other intrastate rates, states will play a critical role implementing and enforcing intercarrier compensation reforms. In particular, state oversight of the transition process is necessary to ensure that carriers comply with the transition timing and intrastate access charge reductions . . . to ensure compliance with the framework and to ensure carriers are not taking actions that could enable a windfall and/or double recovery, state commissions should monitor compliance with our rate transition; review how carriers reduce rates to ensure consistency with the uniform framework; and guard

⁶ 47 CFR § 51.907(a).

⁷ 47 CFR § 51.909(a).

⁸ 47 CFR § 51.911(a).

⁹ 47 CFR §§ 907(b) and 909(b).

¹⁰ 47CFR §§ 907(c) and 909(c).

¹¹ 47 CFR § 907(d-h).

¹² 47 CFR § 909(d-j).

against attempts to raise capped intercarrier compensation rates, as well as unanticipated types of gamesmanship. Consistent with states' existing authority, therefore, states could require carriers to provide additional information and/or refile intrastate access tariffs that do not follow the framework or rules adopted in this Order. . . .¹³

Staff's Proposed Review Procedure

In its Amended Response, Public Counsel expresses concern that Staff is requesting LECs to "provide merely a comparison of its current access rates to those of its proposed access rates showing a revenue reduction," without providing "evidence that the changes reflected in the proposed revised tariffs are just and reasonable in the context of rate of return regulation" and will have no "negative impact on the basic local rates and universal service."¹⁴

What Staff has requested, however, is exactly the information necessary for calculating -- and verifying -- the rate reductions mandated by the FCC's *USF/ICC Transformation Order*. The initial July 1, 2012, rate reduction requires companies to lower rates for "Transitional Intrastate Access Service" (defined by the FCC as terminating End Office Access; terminating Tandem-Switched Transport Access; and originating and terminating Dedicated Transport Access)¹⁵ on July 1, 2012 to achieve a 50% reduction in the difference in revenue from Transitional Intrastate Access Service rated at interstate rates and at intrastate rates, based on 2011 volumes.¹⁶ Traditional rate case proceedings Public Counsel advocates are not contemplated by the FCC's Order.

Staff's proposal to open a case for the review of these LEC compliance tariff filings appropriately balances the interests of LECs (which will be preparing and making these required access rate reduction filings) with those of Staff and interexchange carriers (which will be reviewing the access rate reduction filings for compliance with the FCC's requirements). While it

¹³ *USF/ICC Transformation Order*, para. 813.

¹⁴ Public Counsel Amended Response, p. 2.

¹⁵ 47CFR § 51.903.

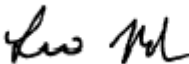
¹⁶ 47 CFR §§51.907(b) and 51.909(b).

may be difficult for some carriers to meet the 60-day advance filing requirement proposed by Staff, AT&T Missouri suggests that the Commission, in its Order opening the case and requiring LEC access filings, provide a mechanism allowing LECs to seek reasonable extensions of time where necessary.

WHEREFORE, AT&T respectfully requests the Commission to grant Staff's March 23, 2012 Motion to Open Docket.

Respectfully submitted,

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CERTIFICATE OF SERVICE

Copies of this document were served on the following parties by e-mail on March 30, 2012.


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