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

In the Matter of
Petition for Declaratory Ruling To Clarify the Applicability of the IntraMTA Rule to LEC-IXC Traffic and Confirm That Related IXC Conduct Is Inconsistent with the Communications Act of 1934, as Amended, and the Commission’s Implementing Rules and Policies

WC Docket No. 14-228

COMMENTS
of
THE CONCERNED RURAL LECS

Chad Duval
Stuart Polikoff
Don Nowotny
MOSS ADAMS LLP
3121 W. March Lane, Suite 100
Stockton, CA 95219
(209) 955-6100

Authorized Representatives of the Concerned Rural LECs

February 9, 2015
TABLE OF CONTENTS

I. INTRODUCTION AND SUMMARY .................................................................................................................. 1

II. THE FCC SHOULD ISSUE THE DECLARATORY RULING REQUESTED BY THE LEC PETITIONERS CONFIRMING THAT THE INTRAMTA RULE DOES NOT APPLY TO LEC CHARGES BILLED TO AN IXC WHEN THE IXC TERMINATES TRAFFIC TO OR RECEIVES TRAFFIC FROM A LEC VIA TARIFFED SWITCHED ACCESS SERVICES .................................................................................................................. 4
   A. The declaratory ruling requested by the LEC Petitioners is consistent with previous FCC Orders addressing the intraMTA rule ........................................................................................................... 4
   B. At a minimum, the FCC should clarify that IXCs are not entitled to retroactive refunds for tariffed access services that were ordered and provided ....................................................................... 7

III. IT IS IMPOSSIBLE FOR LECS TO VALIDATE THE FACTORS DEVELOPED BY IXCS FOR INTRAMTA TRAFFIC ...................................................................................................................... 8

IV. REVENUE IMPACT ANALYSIS: WERE THE FCC TO DETERMINE THAT THE INTRAMTA RULE IS APPLICABLE TO LEC-IXC TRAFFIC USING TARIFFED SWITCHED ACCESS SERVICES, THE IMPACT ON RURAL LECS’ ACCESS REVENUES WOULD UNDERMINE THE FCC’S OBJECTIVES FOR INTERCARRIER COMPENSATION REFORM ................................................................................. 10

V. CONCLUSION .............................................................................................................................................. 14

APPENDIX A: The Concerned Rural LECs
In the Matter of

Petition for Declaratory Ruling To Clarify the Applicability of the IntraMTA Rule to LEC-IXC Traffic and Confirm That Related IXC Conduct Is Inconsistent with the Communications Act of 1934, as Amended, and the Commission’s Implementing Rules and Policies

WC Docket No. 14-228

COMMENTS

of

THE CONCERNED RURAL LECS

I. INTRODUCTION AND SUMMARY

The Concerned Rural LECs\(^1\) hereby submit these comments in response to the Public Notice\(^2\) seeking comment on a petition for declaratory ruling regarding the applicability of the intraMTA rule to local exchange carrier (LEC)–interexchange carrier (IXC) traffic.\(^3\) The Concerned Rural LECs are a group of 47 small LECs serving high-cost, rural areas of the country and for whom access charges comprise a critical component of their revenues and cost recovery.

The FCC should issue the declaratory ruling requested by the LEC Petitioners. Specifically, the Commission should confirm that the intraMTA rule does not apply to LEC

\(^1\) The Concerned Rural LECs consist of the local exchange carriers individually identified in Appendix A.


\(^3\) Petition for Waiver of Bright House Networks LLC, the CenturyLink LECs, Consolidated Communications, Inc., Cox Communications, Inc., FairPoint Communications, Inc., Frontier Communications Corporation, LICT Corporation, Time Warner Cable Inc., Windstream Corporation, the Iowa RLEC Group, and the Missouri RLEC Group, WC Docket No. 14-228 (fil. Nov. 10, 2014) (Petition).
charges billed to an IXC when the IXC terminates traffic to or receives traffic from a LEC via
tariffed switched access services. This would be consistent with the Commission’s prior
statements regarding the intraMTA rule in the *Local Competition First Report and Order* and the
*USF/ICC Transformation Order*.

In order for the intraMTA rule to apply to traffic exchanged via a transit carrier, the
commercial mobile radio service (CMRS) provider and the LEC must enter into a reciprocal
compensation arrangement that addresses the details of the indirect traffic exchange. The IXCs
that have given rise to this proceeding are not providing transit service within the scope of a
LEC-CMRS provider interconnection agreement.

Only since spring of 2014 – 18 years following the adoption of the intraMTA rule – have
Sprint, Verizon, and Level 3 begun to assert that access charges do not apply to the intraMTA
traffic they transport using tariffed switched access services. If these IXCs believed that the
intraMTA rule was applicable to a portion of the traffic they were carrying, they should have at
least notified the relevant LECs or CMRS providers at the time it was occurring, which they did
not. The Commission should therefore clarify that the intraMTA rule does not bar LECs from
assessing access charges on IXCs that route traffic via tariffed switched access facilities.

In the event the Commission was to find that the intraMTA rule applies to traffic carried
by an IXC using a LEC’s tariffed switched access services, that policy should be applied on a
prospective basis only. An IXC should not be entitled to retroactive refunds for tariffed access
services that were voluntarily ordered and were provided. In addition, IXCs should be required
to immediately remit access charge payments that they have withheld from LECs up to the time
the Commission made such a finding.
Sprint and Level 3 have provided intraMTA wireless factors to LECs for them to apply to all traffic they originate and terminate. Absent very specific information from the originating or terminating CMRS provider, there is no means for LECs to validate these factors and there is no industry-standard methodology for distinguishing intraMTA wireless traffic that is commingled with other types of access traffic on access trunks. LECs should not be required to accept intraMTA wireless factors that are unilaterally developed by the IXCs and cannot be verified. Instead, LECs should continue to be permitted to bill access charges for all traffic routed through tariffed switched access facilities, including intraMTA wireless traffic.

The Concerned Rural LECs have performed an analysis of the potential financial impacts were the FCC to determine that intraMTA traffic carried by IXCs via tariffed switched access services is subject to reciprocal compensation rather than access charges. The analysis shows that the financial impacts would be significant, undermining the Commission’s objectives for intercarrier compensation (ICC) reform and potentially leading to: (1) diminished rural network investment and service quality, (2) upward pressure on intrastate originating access rates and/or end-user rates, and (3) unanticipated demands on the CAF ICC support mechanism. Furthermore, it is unlikely that IXCs would pass through the access charge savings to their end-user customers, resulting in nothing more than a windfall for these carriers. The Commission should therefore issue the declaratory ruling sought by the LEC Petitioners.
II. THE FCC SHOULD ISSUE THE DECLARATORY RULING REQUESTED BY THE LEC PETITIONERS CONFIRMING THAT THE INTRAMTA RULE DOES NOT APPLY TO LEC CHARGES BILLED TO AN IXC WHEN THE IXC TERMINATES TRAFFIC TO OR RECEIVES TRAFFIC FROM A LEC VIA TARIFFED SWITCHED ACCESS SERVICES

A. The declaratory ruling requested by the LEC Petitioners is consistent with previous FCC Orders addressing the intraMTA rule

The Concerned Rural LECs fully support the petition for declaratory ruling being sought by the LEC Petitioners. Specifically, the FCC should confirm that the intraMTA rule does not apply to LEC charges billed to an IXC when the IXC terminates traffic to or receives traffic from a LEC via tariffed switched access services (ex., Feature Group D trunks). Such a declaratory ruling would be consistent with the Commission’s prior directives regarding the intraMTA rule.

The intraMTA rule was first established in the FCC’s Local Competition First Report and Order. The Order determined that intraMTA traffic between LECs and CMRS providers is subject to reciprocal compensation pricing unless it is carried by an IXC. In other words, the access charge regime continues to apply to IXC-transported intraMTA traffic. This decision was reaffirmed in the TSR Wireless Order.

The FCC’s clarification of the intraMTA rule in the 2011 USF/ICC Transformation Order did not alter this determination. To begin with, the Order maintains the distinctions in the compensation available under the reciprocal compensation regime and compensation owed under

---


the access regime during the ICC transition.\textsuperscript{6} It also clarifies that intraMTA traffic is subject to reciprocal compensation regardless of whether the two end carriers are directly connected or exchange traffic indirectly via a transit carrier.\textsuperscript{7} But, as the LEC Petitioners astutely point out, this language does nothing more than reiterate that carriers may route non-access traffic directly or indirectly using transit service.\textsuperscript{8}

Indeed, the \textit{USF/ICC Transformation Order} clearly differentiates between \textit{transit} service and \textit{transport} service. Transit service is typically offered via commercially-negotiated interconnection agreements whereas transport service is a tariffed exchanged access service.\textsuperscript{9} Thus, the Order did not disturb the longstanding policy that the intraMTA rule does not affect LEC-IXC billing practices regarding traffic an IXC chooses to route via tariffed access facilities.\textsuperscript{10}

For the intraMTA rule to apply to traffic exchanged via a transit carrier, the CMRS provider and the LEC must enter into a reciprocal compensation arrangement that addresses the specifics of the indirect traffic exchange.\textsuperscript{11} The IXC providers that have given rise to this proceeding are not providing transit service within the scope of a LEC-CMRS provider interconnection agreement. The FCC should therefore make clear that the intraMTA rule does not apply to traffic carried over tariffed switched access facilities, which is exactly the type of traffic for

\textsuperscript{6} Connect America Fund et al., WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 18041, ¶1004 (2011) (\textit{USF/ICC Transformation Order}).

\textsuperscript{7} Id., 26 FCC Rcd 18043, ¶1007.

\textsuperscript{8} Petition, fn. 39.

\textsuperscript{9} USF/ICC Transformation Order, 26 FCC Rcd 18114, fn. 2366.

\textsuperscript{10} Petition, p. 4.

\textsuperscript{11} USF/ICC Transformation Order, 26 FCC Rcd 18035, ¶990 (“We accordingly conclude that section 20.11 applies only to LEC-CMRS traffic that, since the \textit{Local Competition First Report and Order}, has been subject to the reciprocal compensation framework under section 251(b)(5) of the Act.”).
which Sprint, Verizon, and Level 3 have withheld payments of properly assessed access charges and are now seeking refunds of previously paid access charges.

For 18 years following the adoption of the intraMTA rule, and more than two years following the release of the *USF/ICC Transformation Order*, Sprint, Verizon, and Level 3 never challenged the access charges for the switched access services they purchased for the routing of intraMTA traffic. Only since spring of 2014 have they begun to assert that access charges do not apply to this traffic. They have begun to withhold payments of assessed access charges, sought retroactive refunds and, in some cases, engaged in self-help measures to obtain the refunds. If these IXCs believed that the intraMTA rule was applicable to a portion of the traffic they were carrying, they should have at least notified the relevant LECs or CMRS providers at the time it was occurring. An alternative arrangement for handling this traffic going forward could have potentially been established. They did not make any attempts to take these actions.

In the *USF/ICC Transformation Order*, the Commission adopted a comprehensive ICC reform plan, with bill-and-keep as the eventual end state.\(^{12}\) The plan includes an ICC recovery mechanism (including transitional support from the Connect America Fund (CAF ICC support)) to facilitate incumbent LECs’ (ILECs) gradual transition away from ICC revenues as ICC rates are systematically phased down.\(^{13}\) It makes no sense to upset the pace and predictability of that transition now by determining that the IXC-carried traffic at issue is subject to the intraMTA rule, particularly when these claims were not made by the three IXCs until less than one year ago. As the LEC Petitioners state:

Calling into question historical billing practices that have been universally applied by LECs…for nearly two decades, just as access charges are being phased out

\(^{12}\) *Id.*, 26 FCC Rcd 17904, ¶736.

\(^{13}\) *Id.*, 26 FCC Rcd 17956, 17961, ¶¶847, 853.
altogether, would be enormously disruptive and a monumental waste of resources, and would threaten to undermine the carefully designed transitions the Commission included in its 2011 intercarrier compensation reform and the legal and policy decisions that rest upon them.14

The Commission should therefore issue the Declaratory Ruling sought by the LEC Petitioners clarifying that the intraMTA rule does not bar LECs from assessing access charges on IXCs that use tariffed switched access services.

**B. At a minimum, the FCC should clarify that IXCs are not entitled to retroactive refunds for tariffed access services that were ordered and provided**

As discussed above, the FCC should make clear that the intraMTA rule does not apply to intraMTA wireless traffic carried by an IXC using a LEC’s tariffed switched access services. However, in the event the Commission was to find that such traffic is subject to the intraMTA rule, it should apply that policy on a prospective basis only. An IXC should not be entitled to retroactive refunds from a LEC for tariffed access services that were voluntarily ordered and were provided. In addition, IXCs should be required to immediately remit access charge payments that they have withheld from LECs up to the time the Commission made such a finding.

LEC s have no way of knowing the identity of the originating or terminating provider of the traffic being carried by an IXC over Feature Group D trunks. Therefore they cannot determine if the traffic originates from or terminates to a CMRS end-user customer, nor can they ascertain whether the traffic is interMTA or intraMTA. Thus, when an IXC chooses to route CMRS traffic over access facilities, it is impossible for the LEC to bill anything other than access charges. Not until spring 2014 did the three IXCs identify this traffic as CMRS or announce that they were placing the supposed intraMTA wireless traffic on these access

---

14 Petition, p. 11.
facilities. It would be entirely unreasonable and inequitable to authorize refunds to the IXCs as they are now suddenly demanding, to the harm of LECs and their customers in the process.

Moreover, to permit retroactive refunds of the tariffed access charges that IXCs paid for access services rendered by LECs would be wholly inconsistent with the filed rate doctrine and the “deemed lawful” status of those tariffs. The filed rate doctrine forbids a regulated utility from charging a rate other than the one on file with the appropriate regulatory authority; the tariffed rate is the only lawful charge.\(^\text{15}\) Also, telecommunications service tariffs are based on the services purchased, not the type of traffic for which the customer uses the service. In this case, the IXCs ordered Feature Group D access trunks from LECs under tariffs that specify the service is to be used for access traffic, routed traffic over those trunks, and paid the tariffed rates without dispute. The IXCs are not entitled to a refund because they now claim they have routed local, non-access intraMTA wireless traffic over these facilities. Likewise, the status of the LECs’ access tariffs as “deemed lawful” precludes retroactive refunds to carriers. At a minimum, the FCC should clarify that IXCs do not have a claim to retroactive refunds for tariffed access services they voluntarily purchased from LECs.

III. IT IS IMPOSSIBLE FOR LECS TO VALIDATE THE FACTORS DEVELOPED BY IXCS FOR INTRAMTA TRAFFIC

Sprint and Level 3 have provided intraMTA wireless factors to LECs for them to apply to all traffic they originate and terminate. Pursuant to FCC rules, an intraMTA call is a call “between a LEC and a CMRS provider that, at the beginning of the call, originates and terminates within the same Major Trading Area.”\(^\text{16}\) Absent very specific information from the


\(^{16}\) 47 C.F.R. §51.701(b)(2). See also, Local Competition First Report and Order, ¶1036.
originating or terminating CMRS provider, there is no means for LECs to validate these intraMTA wireless factors, and there is no industry-standard methodology for distinguishing intraMTA wireless traffic that is commingled with other types of access traffic on access trunks.

To determine the jurisdiction of a call for billing purposes, LEC billing systems utilize the NPA-NXX codes of the calling and called telephone numbers, or the jurisdictional information parameters (JIP) if available, to represent the geographic location of each party at the time the call is initiated. This system works well for fixed numbers, but fails to address the transient nature of mobile numbers. Consequently, the geographic location of a mobile customer at the time the call is initiated, or any time during the call for that matter, cannot be determined from the information in the billing record.

The same mobile party location challenge exists in the intraMTA wireless factors developed by the IXCs. In its PLW Factor Guidance document, Level 3 identifies the steps that it takes to develop its percent local wireless (PLW) factors.17 Their approach utilizes the geographic rate center assigned to the NPA-NXX of the calling and called numbers in the call record, or JIP if available, to determine whether or not a call is intraMTA and originated from or terminated to a CMRS provider. Once again, the flaw in this methodology is that the billing record does not reflect the actual geographic location of the CMRS customer at the beginning of the call and erroneously suggests that a mobile customer never leaves their assigned rate center. Another complicating factor is that the originating JIP is rarely, if ever, passed in SS7 signaling and therefore the calling NPA-NXX field in the call record does not indicate whether the number has been ported between a wireline and a wireless carrier.

17 PLW Factor Guidance, Level 3 Communications, LLC, WilTel, Global Crossing (Aug. 19, 2014).
As noted by the LEC Petitioners, the Ordering and Billing Forum, under the Alliance for Telecommunications Industry Solutions (ATIS), has not developed an allocation standard through which a LEC could identify intraMTA wireless traffic delivered by an IXC over access trunks. This is likely due to the complexities of identifying the location of the wireless customer at the time the call is initiated. If there is no industry-standard allocation methodology and the CMRS provider did not provide the necessary call and location detail, how would an IXC accurately determine, or the LEC validate, the amount of traffic that is intraMTA? LECs should not be required to accept intraMTA wireless factors that are unilaterally developed by the IXCs and cannot be verified. Instead, LECs should continue to be permitted to bill access charges for all traffic routed using tariffed switched access services, and IXCs should pay those tariffed access charges for all traffic, including intraMTA wireless traffic.

IV. REVENUE IMPACT ANALYSIS: WERE THE FCC TO DETERMINE THAT THE INTRAMTA RULE IS APPLICABLE TO LEC-IXC TRAFFIC USING TARIFFED SWITCHED ACCESS SERVICES, THE IMPACT ON RURAL LECS’ ACCESS REVENUES WOULD UNDERMINE THE FCC’S OBJECTIVES FOR INTERCARRIER COMPENSATION REFORM

The Concerned Rural LECs have performed an analysis of the potential financial impacts were the FCC to determine that intraMTA traffic carried by all IXCs via tariffed switched access services is subject to reciprocal compensation obligations (i.e., bill-and-keep) rather than access charges. This analysis was based on a sample of switched access data and proposed intraMTA wireless factors from Sprint and Level 3 for 24 rural ILECs throughout the mid-western and western United States. The analysis was extrapolated to all switched access minutes and revenues to reflect the likelihood that all IXCs would implement similar factors if the FCC were to determine that intraMTA traffic carried by IXCs via tariffed switched access services is subject to reciprocal compensation. The analysis shows that the financial impacts would be

18 Petition, pp. 17-18.
significant, undermining the FCC’s objectives for ICC reform\(^{19}\) and potentially leading to: (1) diminished rural network investment and service quality, (2) upward pressure on intrastate originating access rates and/or end-user rates, and (3) unanticipated demands on the CAF ICC support mechanism.

The total switched access data for the 24 sample companies includes nearly $19 million in switched access revenue and more than 490 million switched access minutes. These revenues and minutes break down by jurisdiction and type (originating/terminating) as follows:

<table>
<thead>
<tr>
<th></th>
<th>Interstate Originating</th>
<th>Interstate Terminating</th>
<th>Intrastate Originating</th>
<th>Intrastate Terminating</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$4,510,159</td>
<td>$5,925,577</td>
<td>$3,328,797</td>
<td>$5,062,532</td>
<td>$18,927,065</td>
</tr>
<tr>
<td>Average Revenues</td>
<td>$192,090</td>
<td>$246,899</td>
<td>$138,700</td>
<td>$210,939</td>
<td>$788,628</td>
</tr>
<tr>
<td>Total Minutes</td>
<td>122,446,635</td>
<td>165,366,242</td>
<td>61,822,072</td>
<td>140,693,255</td>
<td>490,328,204</td>
</tr>
<tr>
<td>Average Minutes</td>
<td>5,101,943</td>
<td>6,890,260</td>
<td>2,575,920</td>
<td>5,862,210</td>
<td>20,430,342</td>
</tr>
</tbody>
</table>

The alleged intraMTA wireless factors claimed by Sprint and Level 3 for use by the 24 sample companies vary significantly by company, by IXC, by jurisdiction, and by type (originating/terminating). These factors break down by jurisdiction and type as follows:

<table>
<thead>
<tr>
<th></th>
<th>Interstate Originating</th>
<th>Interstate Terminating</th>
<th>Intrastate Originating</th>
<th>Intrastate Terminating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>0.4%</td>
<td>1.0%</td>
<td>3.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Maximum</td>
<td>5.0%</td>
<td>43.5%</td>
<td>100.0%</td>
<td>94.2%</td>
</tr>
<tr>
<td>Mean</td>
<td>1.7%</td>
<td>11.7%</td>
<td>33.0%</td>
<td>21.9%</td>
</tr>
</tbody>
</table>

\(^{19}\) The Commission expects that its ICC reforms will enable more widespread broadband deployment and promote the transition to IP networks. *USF/ICC Transformation Order*, 26 FCC Rcd 17676, 17904, 17910, 17961, ¶¶34, 736, 750, 854. In addition, the ICC recovery mechanism is intended to balance the benefits of certainty and a gradual transition with the goal of keeping the federal USF on a budget. *Id.*, 26 FCC Rcd 17956, ¶847. The recovery mechanism is also “designed to mitigate marketplace disruption during the reform transition, and to ensure our intercarrier compensation reforms do not unintentionally undermine our objectives for universal service reform.” *Id.*, 26 FCC Rcd 17962, ¶858. Achievement of all these objectives would be jeopardized were the Commission to determine that the intraMTA rule applies to intraMTA wireless traffic carried by an IXC using a LEC’s tariffed switched access services.
When the mean proposed intraMTA wireless factors are applied to the mean jurisdictional revenues above, it results in a mean reduction in annual switched access revenues of $124,119 per company, with a minimum of $9,508 and a maximum of $454,410.

Rate-of-return ILECs’ intrastate originating switched access rates are not presently subject to the FCC’s ICC reform transition and therefore revenue losses occurring in this rate element are not eligible for recovery from the FCC’s ICC recovery mechanism.20 When the mean proposed intraMTA wireless factors are applied to the mean jurisdictional revenues above, it results in a mean annual loss of $45,771 in intrastate originating switched access revenues, with a minimum of $4,161 and a maximum of $138,700.

On the other hand, revenue reductions in interstate originating and terminating switched access and intrastate terminating switched access affect rate-of-return ILECs’ eligible recovery under the FCC’s ICC recovery mechanism.21 As the revenues from these rate elements decline, the shortfall will be made up, in part, from CAF ICC support. When the mean proposed intraMTA wireless factors are applied to the mean jurisdictional revenues above, the mean annual increase in CAF ICC support is $78,348, with a minimum of $5,347 and a maximum of $315,710.

While some of these numbers on their own may not sound devastating, it is important to dig a bit deeper and extrapolate the results to the entire population of rate-of-return carriers to truly understand the potential impacts.

- When the sample data outlined above is extrapolated to all 1,095 rate-of-return ILECs throughout the country, the total annual reduction in intrastate originating switched access revenues at the mean is more than $50 million. At the minimum it is nearly

---

20 USF/ICC Transformation Order, 26 FCC Rcd 17934, 17982-17983, ¶¶801,899.

21 Id.
$4.6 million and at the maximum it is nearly $152 million. These are revenues that rate-of-return carriers rely upon for cost recovery, network investment, and the ability to continue providing their customers with high-quality services at affordable rates in the some of the highest cost and most difficult to serve areas of the country. Moreover, intrastate originating switched access revenues are projected to be reduced by an average of 33 percent. This will place significant upward pressure on intrastate originating switched access rates and/or end-user rates. Increases in access rates would likely exacerbate the problem of access arbitrage, which the Commission has sought to mitigate during the ICC reform transition.

- When the sample data outlined above is extrapolated to all 1,095 rate-of-return ILECs throughout the country, the total annual reduction in interstate originating and terminating switched access and intrastate terminating switched access revenue at the mean is approximately $85.8 million. At the minimum it is almost $5.9 million and at the maximum is it more than $345 million. This reduction in revenue is eligible for recovery through the ICC recovery mechanism and will therefore increase the amount of CAF ICC support that rate-of-return carriers are eligible to receive under the FCC’s existing rules. However, the USF High Cost program is currently subject to an overall annual funding target of $4.5 billion, with up to $2 billion available annually for rate-of-return territories. This begs the question: How would such an unanticipated reduction in rate-of-return carriers’ switched access revenues be recovered within the confines of the existing High Cost program budget without hindering rural network investment and threatening service quality and rate affordability for rural consumers?

• The average overall reduction in switched access revenues for all jurisdictions and types of service is an estimated 15.74 percent. However, it is unlikely that IXCs would pass through these access charge savings to their end-user customers, resulting in nothing more than a windfall for these carriers.

Clearly, were the FCC to decide to apply the intraMTA rule to LEC-IXC traffic routed via tariffed switched access services, it would have a notable impact on a variety of revenue streams and sources and ultimately would not be beneficial for rural consumers. Rate-of-return ILECs would experience a reduction in intrastate originating switched access revenues, placing significant upward pressure on access rates and/or end-user rates and also potentially exacerbating access arbitrage. In addition, rate-of-return carriers would become eligible for greater amounts of CAF ICC support and it is unclear how this could be accommodated within the current High Cost program budget without harming rural ILECs and their customers. Finally, end-user customers of the IXCs that seek the benefit of reciprocal compensation obligations (i.e., bill-and-keep) are unlikely to see any benefit flow to them in the form of reduced long distance rates.

V. CONCLUSION

For the reasons discussed above, the FCC should issue the declaratory ruling sought by the LEC Petitioners confirming that the intraMTA rule does not apply to LEC charges billed to an IXC when the IXC terminates traffic to or receives traffic from a LEC via tariffed switched access services. To find otherwise would undermine the FCC’s objectives for ICC reform, potentially leading to diminished rural network investment and service quality, upward pressure on access rates and/or end-user rates, and unanticipated demands on the CAF ICC support mechanism.
However, in the event the Commission was to find that the intraMTA rule does apply to LEC-IXC traffic routed over tariffed switched access facilities, that policy should be applied on a prospective basis only. The Commission should clarify that IXCs are not entitled to retroactive refunds for tariffed access services that were ordered and provided and that access charge payments that have been withheld by IXCs should be immediately remitted to the LECs.

Respectfully submitted,

THE CONCERNED RURAL LECs

/s/ Chad Duval

Chad Duval, Principal
Stuart Polikoff, Director
Don Nowotny, Director
MOSS ADAMS LLP
Authorized Representatives of the Concerned Rural LECs
3121 W. March Lane, Suite 100
Stockton, CA 95219
(209) 955-6100

February 9, 2015
APPENDIX A
THE CONCERNED RURAL LECS

Albion Telephone Company d/b/a ATC Communications

    All West Communications, Inc.

    Barry County Telephone Company

    Calaveras Telephone Company

    Cambridge Telephone Company

    Canby Telcom

    Cap Rock Telephone Cooperative, Inc.

    Central Texas Telephone Cooperative, Inc.

    Chickasaw Telephone Company

    Colorado Valley Telephone Cooperative, Inc.

    Cumby Telephone Cooperative, Inc.

    Custer Telephone Cooperative, Inc.

    Ducor Telephone Company

    Endeavor Communications

    ENMR Telephone Cooperative, Inc. d/b/a Plateau

    Farmers Mutual Telephone Company

    Filer Mutual Telephone Company

    Five Area Telephone Cooperative, Inc.

    InterBel Telephone Cooperative, Inc.

    Kalona Cooperative Telephone Company

    Millry Telephone Company, Inc.

    Missouri Valley Communications, Inc.

    Molalla Telephone Company
MTE Communications
Nemont Telephone Cooperative, Inc.
Nortex Communications
North Texas Telephone Company
Northern Telephone Cooperative, Inc.
Northwestern Indiana Telephone Company, Inc.
Oklatel Communications, Inc.
Panhandle Telephone Cooperative, Inc.
Peoples Telephone Cooperative, Inc.
Pioneer Telephone Cooperative, Inc.
Prairie Grove Telephone Company
Project Mutual Telephone
Project Telephone Company
Santa Rosa Telephone Cooperative, Inc.
South Central Communications, Inc.
Star Telephone Company, Inc.
Totelcom Communications, LLC
Triangle Communications
Volcano Telephone Company
West Plains Telecommunications, Inc.
West Texas Rural Telephone Cooperative, Inc.
Wheat State Telephone
Wiggins Telephone Association
Zona Communications