



Federal Communications Commission
Washington, D.C. 20554

DA 09-553
March 5, 2009

Mr. John T. Nakahata
Harris Wiltshire & Grannis, LLP
1200 Eighteenth Street, NW
Washington, DC 20036

Re: Request for Clarification of RAO 21 With Respect to Installation of Emergency Standalone Routers in Remote Terminals, WC Docket No. 08-235

Dear Mr. Nakahata:

This letter responds to Aztek Networks' (Aztek's) request for clarification of Responsible Accounting Officer Letter 21 (RAO 21).¹ RAO 21 was issued by the Common Carrier Bureau (Bureau) in 1992 to clarify how carriers must account for certain remote central office equipment.² In the *RAO 21 Reconsideration Order*, the Bureau clarified the definitions of a "remote switch" and a "remote terminal for a concentrator" to properly account for the costs associated with such equipment.³ Aztek requests that we further clarify the definition of a "remote terminal for a concentrator" to exclude Emergency Stand-Alone (ESA) routers, which it claims allow a remote terminal to switch calls between lines served by the terminal and pre-designated emergency response numbers in the event that a feeder line is cut or otherwise out of service.⁴ Pursuant to section 32.17 of the Commission's rules, the definition of "remote terminal for a concentrator" is clarified as described below.⁵

Specifically, Aztek requests a clarification that "the installation of emergency standalone routing capability in a device that is and has been a remote terminal or concentrator will not, in and of itself,

¹ Letter from John T. Nakahata, Counsel for Aztek Networks, Harris Wiltshire & Grannis, LLP, to Dana Shaffer, Chief, Wireline Competition Bureau, FCC (Oct. 10, 2008) (Nakahata Oct. 10 Letter). See *RAO Letter 21*, DA 92-1225, 7 FCC Rcd 6075 (1992) (*RAO 21*); *Petitions for Reconsideration and Applications for Review of RAO 21*, Order on Reconsideration, 12 FCC Rcd 10061 (1997) (*RAO 21 Reconsideration Order*). The Commission requested comment on the Nakahata Oct. 10 Letter. See *Pleading Cycle Established for Request for Clarification of Aztek Networks of RAO 21 Regarding Installation of Emergency Standalone Routers in Remote Terminals*, WC Docket No. 08-235, Public Notice, DA 08-2637 (rel. Dec. 3, 2008). No comments or oppositions were filed. On December 23, 2008, Aztek filed a brief reply discussing its view of the Bureau's delegated authority with regard to its request. See Letter from John T. Nakahata, Counsel for Aztek Networks, Harris Wiltshire & Grannis, LLP, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 08-235 (filed Dec. 23, 2008). On December 24, 2008, John Staurulakis, Inc. filed a reply supporting Aztek's request. See *Request for Clarification of Aztek Networks of RAO 21 Regarding Installation of Emergency Standalone Routers in Remote Terminals*, WC Docket No. 08-235, Reply Comments of John Staurulakis, Inc. (filed Dec. 24, 2008).

² As part of Commission restructuring in 2002, the Common Carrier Bureau was renamed the Wireline Competition Bureau. *Federal Communications Commission's Common Carrier Bureau Reorganized Along Functional Lines*, News Release (Mar. 8, 2002) available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-220644A1.pdf.

³ *RAO 21 Reconsideration Order*, 12 FCC Rcd at 10067, para. 12.

⁴ Nakahata Oct. 10 Letter at 2.

⁵ See 47 C.F.R. § 32.17 (providing that questions involving interpretation of accounts "shall be submitted to the Chief, Wireline Competition Bureau for explanation, interpretation, or resolution"). See also 47 C.F.R. § 0.91(e) (stating that the Bureau has the power to "develop and administer rules and policies relating to incumbent local exchange carrier accounting"); 47 C.F.R. § 0.91(e) (requiring the Bureau to "act on requests for interpretation or waiver of rules"). Furthermore, the Commission has held that the Bureau had full authority to issue RAO 21. *RAO 21 Reconsideration Order*, 12 FCC Rcd. at 10072, paras. 25-27. Here we simply clarify the Bureau's earlier action.

require that a remote terminal or concentrator to be reclassified as a switch.”⁶ In the *RAO 21 Reconsideration Order*, the Bureau rejected arguments that remote units “must perform as a standalone switch at all times in order to be classified as a switch.”⁷ Aztek explains that in that order, the Bureau was “attempting to prevent rate-of-return ILECs from increasing their USF High Cost Loop Support payments by pushing the costs of remote switches into the ‘loop’ plant category.”⁸ Further, Aztek contends that “[t]he classic remote switch of the kind addressed by RAO 21 served the purpose of reducing transport requirements to the host switch by routinely switching calls between the subscribers connected to that remote switch, rather than forwarding all calls to the host switch.”⁹ Aztek argues that ESA routers do not perform this routine switching function, and thus interpreting RAO 21 as requiring that this equipment be accounted for as a switch would disincent providers from creating redundancy in their networks because of potentially adverse accounting impacts resulting from classifying ESA routers as remote switches.¹⁰ For example, this could severely affect the calculation of loop costs for rural rate of return carriers, lowering their calculated loop costs and, concomitantly, their universal service fund support.¹¹

We agree, therefore we clarify that the installation of emergency standalone routing capability at a terminal classified as a remote concentrator prior to installation of such capability shall not alter the classification of that terminal or location as a remote terminal of a concentrator, provided that the router does not “routinely perform the interconnection function locally.”¹² Thus, there will be no change to the accounting treatment of the equipment and facilities already installed at locations where ESA routers are added. As Aztek recognizes, the costs of the ESA router itself will be included in account 2212, digital electronic switching.¹³

Sincerely,

Albert M. Lewis
Chief
Pricing Policy Division
Wireline Competition Bureau

⁶ Nakahata Oct. 10 Letter at 1.

⁷ *RAO 21 Reconsideration Order*, 12 FCC Rcd at 10067, para. 12.

⁸ Nakahata Oct. 10 Letter at 5.

⁹ *Id.*

¹⁰ *Id.* at 3–5.

¹¹ For example, if a rural carrier receiving High Cost Loop Support and Interstate Common Line Support installs ESA capability in a concentrator, absent clarification, *RAO 21* could be read to require that carrier to reclassify the concentrator as a remote switch because it will now be capable of switching some calls (calls within the remote and to emergency services) even when the feeder link to the switch is cut. That reclassification would remove not only the costs of the concentrator from the “loop” category, but also the costs of the upstream feeder as well, which now becomes “trunk” plant that connects switches, rather than loop plant connecting a switch with the end user. *See* 47 C.F.R. Part 36, Appendix – Glossary (defining “loop” and “trunk”). *See also* Nakahata Oct. 10 Letter at 4 (citing this example as an illustration of why a clarification of *RAO 21* is needed).

¹² *RAO 21 Reconsideration Order*, 12 FCC Rcd at 10067, para. 12.

¹³ Nakahata Oct. 10 Letter at 4.