

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

In the Matter of)	
)	WC Docket No. 12-233
Investigation of Certain 2012 Annual)	
Access Tariffs)	WCB/Pricing No. 12-09
)	
)	

ORDER DESIGNATING ISSUES FOR INVESTIGATION

Adopted: August 31, 2012

Released: August 31, 2012

Direct Cases Due for all Designated Local Exchange Carriers but the National Exchange Carrier Association (NECA) by: September 27, 2012

Direct Case Due for NECA by: October 4, 2012

Oppositions to Direct Cases Due by: October 18, 2012

Rebuttals Due by: October 25, 2012

By the Acting Chief, Pricing Policy Division:

I. INTRODUCTION

1. On July 2, 2012, the Wireline Competition Bureau (Bureau) released an Order that suspended for one day and set for investigation the Access Recovery Charge (ARC) rates contained in the 2012 Annual Access Tariff Filings of all issuing local exchange carriers (LECs) that charged an ARC pursuant to the new rules established in the *USF/ICC Transformation Order*.¹ On August 1, 2012, the Bureau reconsidered, on its own motion, the decision to suspend and investigate the tariffs and associated transmittals of a number of price cap LECs.² In this Order, we designate for investigation specific issues

¹ *2012 Annual Access Tariff Filings*, WCB/Pricing No. 12-09, Order, DA 12-1037 (Wireline Comp. Bur., rel. July 2, 2012) (*2012 Annual Access Tariff Suspension Order* or *2012 Suspension Order*). See *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 (2011) (*USF/ICC Transformation Order* or *Order*), *pets. for review pending*, *Direct Commc'ns Cedar Valley, LLC v FCC*, No. 11-9581 (10th Cir. filed Dec. 18, 2011) (and consolidated cases).

² *Order on Reconsideration*, WCB/Pricing File No. 12-09, DA 12-1231 (Wireline Comp. Bur., rel. Aug. 1, 2012), Order on Reconsideration (*2012 Annual Access Tariff Suspension Reconsideration Order* or *Reconsideration Order*) at para. 4, n. 10. Since the release of the *Reconsideration Order*, we determined that several LECs' suspended tariff filings are reasonable (including all price cap LECs that were not addressed in the *2012 Annual Access Tariff Suspension Reconsideration Order*). We therefore are not designating any issues with respect to those LECs. As a procedural matter, the suspended rates will remain suspended until the conclusion of this investigation.

regarding the ARC rates contained in the 2012 Annual Access Tariff Filings of the LECs listed in Appendix A,³ to ensure that the calculations contained in the supporting materials comply with the Commission's applicable rules governing revenue recovery.⁴ Specifically, pursuant to section 204 of the Communications Act of 1934, as amended (the Act),⁵ we designate for investigation the following issues that impact carrier recovery: (1) whether each LEC listed in Appendix A has reasonably determined the amount of its Base Period Revenue; (2) whether each LEC listed in Appendix A has reasonably calculated its required intrastate rate reductions; (3) whether each LEC listed in Appendix A has reasonably estimated its projected interstate and intrastate switched access demand; (4) whether the National Exchange Carrier Association's (NECA) allocation of projected pool interstate switched access revenues based on projected switched access billed revenues was reasonable; and (5) whether the suspended ARC rates are just and reasonable and, if not, the process for requiring refunds. We also ask each responding LEC to include, as part of its direct case, information regarding the appropriate timing and procedures for making any necessary tariff filings or revisions to the amount of Connect America Fund support a LEC may be eligible to receive.

II. BACKGROUND

A. Overview of Intercarrier Compensation Reform

2. On November 18, 2011, the Commission released the *USF/ICC Transformation Order*, which established a number of new rules requiring carriers to adjust, over a period of years, many of their switched access charges effective on July 1 of each of those years, with the ultimate goal of transitioning to a bill-and-keep regime.⁶ As an initial matter, the Commission capped the vast majority of interstate and intrastate switched access rates as of December 29, 2011.⁷ Next, carriers were required, by July 1, 2012, to reduce certain intrastate switched access rates by 50 percent of the differential between the carriers' relevant intrastate access rates and interstate access rates, provided that the aggregate intrastate revenues were above the aggregate interstate revenues.⁸ The reductions to intrastate rates were implemented at the

³ Appendix A shows the specific designated issues and sub-issues regarding the ARC rates contained in the 2012 annual access tariff filings of the LECs listed therein. For each LEC, an "X" in the relevant row signifies that we designate for investigation that particular issue or sub-issue. Issue A (Base Period Revenue) and Issue B (Intrastate Rate Reductions) contain such sub-issues.

⁴ See 47 C.F.R. § 51.917.

⁵ 47 U.S.C. § 204; Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) (1996 Act).

⁶ See *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-35, para. 801 and Figure 9 (although many of the switched access rate elements are subject to the transition adopted, other rates are not being specifically reduced at this time.) See also *id.* at 18109-115, paras. 1297-1314 (seeking comment on the appropriate transition for rate elements not specifically addressed in the Order).

⁷ *Id.* at 17934-35, para. 801 and Figure 9. For price cap carriers, all intrastate rates are also capped as of the effective date, while for rate-of-return carriers, all terminating intrastate access rates are also capped. *Id.*

⁸ *Id.* The transition also required carriers to reduce reciprocal compensation rates, if above the carrier's interstate access rates, by 50 percent of the differential between the reciprocal compensation rate and the carrier's interstate access rate. See *id.* The rules defining the rate transition did not focus on specific rates, but compared certain intrastate revenues resulting from switched demand for Fiscal Year 2011 to the same demand priced at corresponding interstate rates for the same period. See 47 C.F.R. § 51.909(b). See also *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 27 FCC Rcd 5986 at paras. 8-9 (Wireline Comp. Bur. June 5, 2012).

state level via intrastate tariffs and related state proceedings.

3. The Commission also adopted a transitional recovery mechanism to mitigate the impact of reduced intercarrier revenues on carriers and facilitate continued investment in broadband infrastructure, while providing greater certainty and predictability going forward than the *status quo*.⁹ As part of the transitional recovery mechanism, the Commission defined, as “Eligible Recovery,” the amount of intercarrier compensation revenue reductions that incumbent LECs would be eligible to recover through a combination of end-user charges (the ARC) and, where eligible and if a carrier elects to receive it, Connect America Fund support.¹⁰ A carrier’s Eligible Recovery is based on a percentage of the reduction in revenue each year resulting from the intercarrier compensation reform transition.

4. Incumbent LECs with Eligible Recovery may assess an ARC on consumers in the form of a monthly fixed charge.¹¹ The Commission took measures to ensure that any increases to the monthly ARC consumer charge did not impact rate affordability, including limiting the annual residential ARC rate increase to \$0.50 and establishing a Residential Rate Ceiling that prohibits carriers from imposing an ARC on any consumer paying an inclusive local monthly phone rate of \$30 or more.¹² If an incumbent LEC cannot recover its entire Eligible Recovery through ARCs and is otherwise eligible, it may opt to receive the remainder from Connect America Fund support.¹³

5. The Commission’s rules require incumbent LECs that choose to participate in the recovery mechanism to determine their base period revenues to be used in calculating their Eligible Recovery in the 2012 Annual Access Tariff Filing.¹⁴ This initial calculation of Eligible Recovery is critical because it establishes the amount that carriers are able to recover through their ARC charges and potential recovery from the Connect America Fund.¹⁵ The Commission must ensure that carriers correctly calculate their Eligible Recovery in their Tariff Review Plan spreadsheets (TRPs)¹⁶ for

⁹ *USF/ICC Transformation Order*, 26 FCC Rcd at 17677, para. 36. In adopting the recovery mechanism, the Commission explained that it did so in large part “to provide predictability to incumbent carriers that had been receiving implicit ICC subsidies [and] to mitigate marketplace disruption during the reform transition. . . .” *Id.* at 17962-63, para. 858.

¹⁰ *Id.* at 17957, para. 850. In determining how the transitional recovery should be funded, the Commission concluded that “it is appropriate to first look to customers paying lower rates for some limited, reasonable recovery, and adopt[ed] a number of safeguards to ensure that rates remain affordable and that consumers are not required to contribute an inequitable share of lost intercarrier revenues.” *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ See 47 C.F.R. § 51.917.

¹⁵ See *id.* §§ 51.907, 51.909, 51.915, 51.917.

¹⁶ The Commission and the industry created a number of new tariff worksheets to be submitted as supporting documentation to demonstrate compliance. The April 19, 2012 *TRP Order* set forth the revised TRPs for all incumbent LECs to use to support the annual revisions to their interstate access service tariffs. See *Material to be Filed in Support of 2012 Annual Access Tariff Filings*, WCB/Pricing File No. 12-08, Order, DA 12-575 (Wireline Comp. Bur., rel. Apr. 19, 2012) (*TRP Order*) at para. 1, citing 47 C.F.R. §§ 61.41-49, 51.700-715, and 51.901-909. For both price cap and rate-of return incumbent LECs, the Commission added new ARC, Access Reduction, (continued....)

implementation of the *USF/ICC Transformation Order* throughout the transitional period.

B. History of the Proceeding

6. On June 18, 2012, incumbent LECs filed their 2012 Annual Access Tariff Filings to become effective on July 3, 2012.¹⁷ On July 2, 2012, the Bureau released an Order that suspended for one day and set for investigation the ARC rates contained in the 2012 Annual Access Tariff Filings of all issuing carriers that charged an ARC pursuant to the new rules established in the *USF/ICC Transformation Order*.¹⁸ We concluded that substantial questions of lawfulness warranted further investigation of these tariffs, and imposed an accounting order requiring the affected carriers to keep accurate account of all received amounts associated with the rates subject to this investigation.¹⁹

7. On August 1, 2012, we reconsidered, on our own motion, our decision to suspend and investigate the tariffs and associated transmittals of several incumbent LECs.²⁰ We concluded that, following additional review and analysis, these carriers either reasonably calculated their Fiscal Year 2011 revenues and Eligible Recovery amounts in their initial tariff filings or corrected such calculations, and if necessary, their ARC rates in subsequent amendments to their tariff filings.²¹ We therefore terminated the investigations as to those carriers that demonstrated that their Eligible Recovery calculations complied with the new rules.²² The tariffs filed by the other incumbent LECs listed in the *2012 Annual Access Tariff Suspension Order* remain under investigation.²³ We now delineate the specific issues that will be investigated for the incumbent LECs listed in Appendix A.

III. ISSUES DESIGNATED FOR INVESTIGATION

A. Whether Each LEC Listed in Appendix A has Reasonably Determined the Amount of its Base Period Revenue

8. The first issue designated for investigation is whether each LEC listed in Appendix A has reasonably determined the amount of its Base Period revenue to be used as the starting point for calculating its Eligible Recovery. A rate-of-return LEC's Base Period Revenue is made up of three (Continued from previous page) _____ and Reciprocal Compensation spreadsheets to address the new regulations adopted in the *USF/ICC Transformation Order*. *Id.* at paras. 9-11, 26-27.

¹⁷ See *July 3, 2012 Annual Access Charge Tariff Filings*, WCB/Pricing File No. 12-07, Order, DA 12-482 (Wireline Comp. Bur., rel. Mar. 28, 2012).

¹⁸ See *2012 Annual Access Tariff Suspension Order* at paras. 3-4, 8.

¹⁹ See *id.* at paras. 8, 10-13. See also Letter from Sharon E. Gillett, Chief, Wireline Competition Bureau, to Regina McNeil, Vice President and General Counsel, NECA, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208 (May 30, 2012) (Bureau May 30, 2012 Letter).

²⁰ See *2012 Annual Access Tariff Suspension Reconsideration Order* at Appendix A.

²¹ *Id.* at para. 4.

²² *Id.*

²³ See *supra* note 2.

components: (1) its 2011 Interstate Switched Access Revenue Requirement;²⁴ (2) Fiscal Year 2011 revenues from rate elements included in the definition of Transitional Intrastate Access Service²⁵ received by March 31, 2012;²⁶ and (3) Fiscal Year 2011 reciprocal compensation revenues received by March 31, 2012, less Fiscal Year 2011 reciprocal compensation payments made by March 31, 2012 (“net” reciprocal compensation revenues).²⁷ Once the rate-of-return carrier has calculated its Base Period Revenue, the carrier can then calculate its Eligible Recovery, as described in section 51.917(d) of the Commission’s rules.²⁸ Base Period Revenue also includes revenues from non-recurring charges associated with the services in question. Each rate-of-return LEC was required to explain the process by which it derived its Base Period revenue in its tariff support material.

9. Each LEC listed in Appendix A has failed to demonstrate in some respect that it has reasonably determined its Fiscal Year 2011 revenues that were received by March 31, 2012, or its “collected revenue.”²⁹ As part of its direct case, each LEC listed in Appendix A shall file a revised description and justification document that clearly and fully explains the procedures it used to determine its Fiscal Year 2011 revenues that were received by March 31, 2012. We recognize that each carrier’s records and billing systems are different and that the descriptions of the procedures used may vary based on those differences. Thus, our designation of this issue is general, giving carriers some latitude. For instance, a carrier could have started with gross billed revenue for Fiscal Year 2011 and subtracted from this amount any amounts not collected from other carriers by March 31, 2012. Alternatively, a carrier could have adopted an approach designed to determine collected revenue more directly. In some cases, a LEC might have been able to certify that it had reviewed each of its bills and determined that all relevant amounts billed, or a specified percentage of the billed amount, for service provided in Fiscal Year 2011, had been received by March 31, 2012.

10. However determined, each LEC listed in Appendix A shall ensure that the following

²⁴ See 47 C.F.R. § 51.917 (b)(1). Revenue Requirement is equal to a carrier’s regulated operating costs plus an 11.25 percent return on a carrier’s net rate base calculated in compliance with the provisions of parts 36, 65 and 69 of the Commission’s rules. 47 C.F.R. Parts 36, 65, and 69. For an average schedule carrier, its Revenue Requirement shall be equal to the average schedule settlements it received from the pool, adjusted to reflect an 11.25 percent rate of return, or what it would have received if it had been a participant in the pool. 47 C.F.R. § 51.917(b)(4).

²⁵ 47 C.F.R. § 51.903(j).

²⁶ Because Base Period Revenue only includes revenues that were actually received, the Commission’s rules permit carriers to include in their Base Period Revenue those fiscal year 2011 revenues that are received by March 31, 2012, to provide a lagtime for billing and collection. 47 C.F.R. § 51.917(c)(ii)-(iii).

²⁷ 47 C.F.R. § 51.917(c).

²⁸ 47 C.F.R. § 51.917(d). Eligible Recovery for price cap carriers is calculated pursuant to section 51.915(d) of the Commission’s rules. Because we are not designating any issues related to price cap carriers, the Eligible Recovery rules as they relate to price cap carriers are not relevant to this Order.

²⁹ The relevant revenues include revenues from rate elements included in the definition of Transitional Intrastate Access services and net reciprocal compensation revenue for services provided during Fiscal Year 2011. See 47 C.F.R. §§ 51.903(j), 51.917(c). Carriers may use unadjusted billed revenue only if they received payment for all relevant FY 2011 bills by March 31, 2012, and affirmatively state that they collected all relevant billed revenues in their Description and Justification.

aspects of determining Fiscal Year 2011 revenues for services provided during Fiscal Year 2011 are addressed in a revised description and justification document. First, it shall describe the procedure used to ensure that the revenues are for services provided during Fiscal Year 2011. As part of this showing, each LEC shall describe how it removed any billed revenues not related to services provided (*e.g.*, late payment fees), and shall describe how it determined the portion of its billed revenues that were not collected by March 31, 2012. In addition, it shall describe how it excluded amounts collected for services provided before October 1, 2010, and after September 30, 2011. It shall also explain how it excluded amounts received after March 31, 2012 for services provided in Fiscal Year 2011.

11. However calculated, the carrier shall describe the derivation of the initial amounts, including any non-recurring revenues, and any adjustments made in arriving at its collected revenue amount. Such adjustments could include, *e.g.*, allocations of partially paid bills, or settlements of disputed amounts for service provided during Fiscal Year 2011. Descriptions shall address revenues for the rate elements included in the definition of Transitional Intrastate Access Service and net reciprocal compensation. If any Base Period Revenue amount is modified as a result of this review of the methodology for determining collected revenues, the rate-of-return LEC shall revise its TRP filing accordingly. In addition to the materials requested above, a carrier may file any additional materials or arguments that it believes address the question of what would be an appropriate procedure or methodology to determine Base Period Revenue that would comply with the Commission's rules.

12. NECA, on behalf of the LECs filing ARC rates in its interstate switched access tariff, shall provide, for each LEC charging an ARC rate, an explanation of the procedure for determining Fiscal Year 2011 revenues that were received by March 31, 2012. Each explanation shall comply with the requirements of the preceding paragraphs.

B. Whether Each LEC Listed in Appendix A has Reasonably Calculated its Required Intrastate Rate Reductions

13. The second issue designated for investigation is whether each LEC listed in Appendix A has reasonably calculated its reduction in intrastate rates required by section 51.909(b) of the Commission's rules.³⁰ That section requires rate-of-return LECs to compare total revenue a carrier would receive if it had provided Transitional Intrastate Access Service at its interstate access rates in effect on December 29, 2011, using Fiscal Year 2011 intrastate switched access demand for each rate element, with total revenue from the rate elements included in the definition of Transitional Intrastate Access Service at the carrier's intrastate access rates in effect on December 29, 2011, using Fiscal Year 2011 intrastate switched access demand for each rate element.³¹ These calculations must include any non-recurring revenues and associated demand included in the Base Period Revenue. If the calculated intrastate revenues are larger, the carrier must reduce its intrastate rates.³² The specific calculation required for such rate reductions is incorporated in the 2012 RoR ILEC Intrastate Rates worksheet of the rate-of-return TRP.

14. A review of the TRPs filed by the LECs listed in Appendix A suggests that they did not correctly calculate the required intrastate rate reductions. Typically, the LEC improperly used a

³⁰ 47 C.F.R. § 51.909(b).

³¹ 47 C.F.R. § 51.909(b)(2)(i) and (ii).

³² 47 C.F.R. § 51.909(b)(2)(iii).

composite rate for the interstate portion of the comparison, using interstate rates and *interstate demand* in lieu of utilizing the methodology required by the Commission's rules.³³ The carriers generally also did not indicate whether they included any non-recurring revenues in the calculation.

15. As part of its direct case, each carrier listed in Appendix A shall file the 2012 RoR ILEC Intrastate Rates Worksheet from its TRP with intrastate demand mapped to the interstate rate structure to calculate the revenue that would have been generated if the intrastate demand had been priced at interstate rates.³⁴ This calculation shall include the revenues from any demand for associated non-recurring charges. The LEC shall then make the necessary revenue comparison between this amount and the relevant intrastate revenues and, if the required intrastate rate reduction amount is different from the amount filed in its TRP, it shall refile its entire TRP to reflect the revised intrastate rate reduction amount.³⁵ Each carrier shall maintain records documenting the procedures used to map the intrastate demand to the interstate rate structure and shall provide those records to the Commission on request. In addition to the materials requested above, a carrier may file any additional materials or arguments that it believes addresses or demonstrates the calculation of the appropriate intrastate rate reduction in compliance with the Commission's rules.

16. NECA shall file comparable data to that required in the preceding paragraph for each of its pooling LECs reflecting the calculation of the amount of required intrastate rate reductions.

C. Whether Each LEC Listed in Appendix A has Reasonably Estimated its Projected Interstate and Intrastate Switched Access Demand

17. The third issue designated for investigation is whether each LEC listed in Appendix A reasonably estimated its projected interstate and intrastate switched access demand for the 2012-13 tariff filing year. In calculating its Eligible Recovery, a rate-of-return LEC must subtract certain projected interstate and intrastate access revenues from its Base Period Revenue.³⁶ LECs were directed to use existing demand estimation methods to project demand for the 2012-13 tariff period.³⁷ The use of reasonable demand projections for interstate and intrastate switched access services covered by access reform is central to the calculation of Eligible Recovery for rate-of-return LECs. To the extent that projections of demand loss are too large, projected LEC revenues will decline, and its Eligible Recovery will increase by the amount of the revenue associated with the excess decline in projected demand.

³³ See Bureau May 30, 2012 Letter.

³⁴ The revenue comparisons should include revenues from non-recurring charges associated with Transitional Intrastate Access Service.

³⁵ Carriers must use the maximum assessable rate in projecting 2012-13 intrastate revenues. Thus, the intrastate rates used in the projection should reflect reductions equal to the total of Column K on the 2012 RoR ILEC Intrastate Rates Worksheet. If the total of Column N of that worksheet is less than Column K, the carrier did not reduce its intrastate rates enough. If the total of Column N is greater than the total of Column K, the carrier reduced its intrastate rates more than was necessary. In this case, the carrier should use rates reflecting the amount in Column K in projecting its revenues, but need not necessarily revise its intrastate rates. We note that certain of the certifications that carriers are required to make with their tariff filings may be implicated by these considerations.

³⁶ See 47 C.F.R. §§ 51.917(d)(1)(i)(A) and (B).

³⁷ See *USF/ICC Transformation Order*, 26 FCC Rcd at 17982, para. 898.

18. The review of the TRPs of the LECs listed in Appendix A indicates that many carriers had significant reductions in projected interstate and intrastate revenue amounts compared to the relevant Base Period Revenue amount. In the case of interstate switched access revenue, some of this reduction results from a LEC's Eligible Recovery now including amounts that had previously been recovered through local switching support (LSS).³⁸ In the case of intrastate revenues, a portion of the revenue reduction may reflect reductions in certain intrastate rates. While the recovery process will true-up for demand projection errors in two years, an unreasonably high demand loss projection would allow carriers to over-recover from consumers and the Connect American Fund during this time period. This warrants detailed consideration of these demand projections in this investigation.

19. Accordingly, as part of its direct case, we direct each carrier listed in Appendix A to provide additional detail for certain cells on the TRP worksheets. Each carrier shall provide the amount of LSS reflected in cell F7 on the 2012 RoR ILEC Interstate Rates Worksheet, and each carrier shall provide the projected annual percentage rate of demand change reflected in the calculation of the amount in cell F10 on the 2012 RoR ILEC Interstate Rates Worksheet³⁹ and in cell G9 on the 2012 RoR ILEC Intrastate Rates Worksheet.

20. In the *USF/ICC Transformation Order*, the Commission assumed that an average annual demand loss would be 10 percent in interstate and intrastate switched minutes of use (MOUs).⁴⁰ Because this was an average, some variation in projections is to be expected. In order to focus our review of demand projections to those exceeding our anticipated range, LECs whose projected interstate and/or intrastate demand loss exceeds an annualized rate of 15 percent shall as part of their direct case either: (1) file a detailed explanation of how they derived their loss factor, or (2) utilize an annualized projection of 15 percent projected demand loss, in which case the LEC need not file additional justification for its projected demand loss, but shall file a TRP reflecting an annualized 15 percent demand loss.⁴¹

21. NECA shall review the TRP calculations for each of its pooling LECs. For those LECs whose projected demand loss exceeds an annual rate of 15 percent, NECA shall file a detailed explanation of the derivation of each carrier's loss factor as part of its direct case. If a LEC whose projected demand loss exceeds 15 percent is willing to utilize an annualized projected demand loss of 15 percent, it need not file additional justification for its projected demand loss, but shall file a TRP reflecting an annualized 15 percent demand loss.⁴²

³⁸ This would not be the case for rate-of-return LECs affiliated with price cap LECs that receive LSS as part of frozen USF support. *See id.* at 17712-13, para. 128.

³⁹ The base period demand to be used in this calculation is the projected demand associated with the revenue requirement included as the interstate component of Base Period Revenue, and the demand associated with the FY 2011 revenues included as the intrastate component.

⁴⁰ *See USF/ICC Transformation Order*, 26 FCC Rcd at 17980-81, para. 894.

⁴¹ This provision does not authorize a LEC to increase its demand loss projection to an annualized rate of 15 percent if its projection in its June TRP was less than that amount.

⁴² This provision does not authorize a LEC to increase its demand loss projection to an annualized rate of 15 percent if its projection in its June TRP was less than that amount.

D. Whether NECA's Allocation of Projected Pool Interstate Switched Access Revenues Based on Projected Switched Access Billed Revenues was Reasonable

22. The fourth issue designated for investigation is whether it was reasonable for NECA to use each NECA pool member carrier's ("Pooling LEC's") projection of billed 2012-13 interstate switched access revenues as the means of allocating projected pool switched access revenues among pool participants. NECA used these projected pool switched access revenues in calculating Pooling LEC's Eligible Recovery. For more than 25 years, NECA has, among other things, operated a pool for interstate switched access services.⁴³ LECs participating in the NECA tariff assessed interexchange carriers averaged switched access charges developed from the combined costs and demand of Pooling LECs.⁴⁴ Historically, as part of the pool settlements process, NECA distributed the received revenues among the Pooling LECs such that each received the amount needed to cover its costs of providing interstate switched access service and a uniform rate-of-return on its rate base allocated to providing interstate switched access service. This pooling process meant that some Pooling LECs received more revenues from carrier customers for switched access service than their underlying switched access cost (known as net contributors). On the other hand, some Pooling LECs received less revenue from carrier customers for switched access service than their underlying switched access cost (known as net recipients). In the *USF/ICC Transformation Order*, the Commission stated that "carriers remain free to make elections regarding participation in the NECA pool and tariffing processes during the transition."⁴⁵ The Order did not further address the impact of the reforms adopted on the NECA pooling processes.

23. One step in the process of determining each Pooling LEC's Eligible Recovery is to among other things, subtract the LEC's projected interstate switched access revenues for the 2012-13 tariff period from its Base Period Revenue, reduced by five percent for this year's tariff filing.⁴⁶ In the TRPs supporting its annual access tariff filing, NECA identified, as each Pooling LEC's projected 2012-13 interstate switched access revenues the revenue the carrier was projected to receive from its individual billing of access services at the relevant NECA rates. NECA's use of individual carrier switched access service revenue, rather than pool settlement revenue, as the projected interstate switched access revenue amount for the purpose of calculating a carrier's Eligible Recovery effectively eliminated interstate switched access pooling for the rate elements involved. This elimination of pooling resulted in each Pooling LEC's Eligible Recovery increasing or decreasing depending on whether it was a net recipient or a net contributor to the pool.⁴⁷ This approach results in approximately 40 Pooling LECs (a subset of the Pooling LEC's who would otherwise have been net contributors to the pool) having projected switched access revenues for 2012-13 above their adjusted base period revenue.⁴⁸ And, because any switched

⁴³ See 47 C.F.R. § 69.600 *et seq.*

⁴⁴ In some cases, rates for a particular rate element are banded so that higher cost carriers charge higher rates for a particular rate element than would a LEC with a lower cost for that element. See NECA Tariff FCC No. 5 at Section 17.

⁴⁵ *USF/ICC Transformation Order*, 26 FCC Rcd at 17934 n.1499.

⁴⁶ 47 C.F.R. § 51.917(d)(1)(i)(B).

⁴⁷ Notwithstanding NECA's interpretation of the interstate pooling requirements, we note that NECA used pool settlement revenues, rather than individually billed revenues, for purposes of determining projected revenue for LECs participating in intrastate pools.

⁴⁸ We use the term "adjusted base period revenue" here to describe the amount of money each carrier would need (continued....)

access service revenues received that are above a carrier's adjusted base period revenue would not be redistributed among Pooling LECs, the ARC and/or Connect America funding needed for the remaining Pooling LECs would be correspondingly increased. This approach also changes the distribution of how many carriers recover their Eligible Recovery, as it impacts the amounts received through ARC rates and the Connect America Fund.

24. NECA's approach to projecting interstate received switched access revenue for each pooling LEC appears to be inconsistent with the intent of the *USF/ICC Transformation Order* to permit LECs to elect whether to participate in the NECA pooling process. As described above, the NECA approach will likely result in an over retention of revenues for a small number of pooling carriers and change the balance of recovery through ARC and Connect America Fund support for many other carriers. This result is inconsistent with the carefully balanced design of the reforms adopted in the *USF/ICC Transformation Order* and appears to be largely the result of NECA discontinuing the pooling process for interstate switched access services.

25. We believe that the *USF/ICC Transformation Order* contemplated a continuation of the pooling process for switched access services and that the results of that pooling process should be the basis for allocating projected 2012-13 switched access revenues. A pooling process for switched access services should employ a methodology consistent with the ratemaking approach used in setting the capped switched access rates. It should also reflect the ongoing processes and intent underlying the access reform goals adopted in the *USF/ICC Transformation Order*. We believe that it would be reasonable to allocate projected revenues for purposes of determining each LEC's projected 2012-13 interstate switched access revenues by allocating the projected revenues in relation to each LEC's interstate Base Period Revenue divided by the projected pool Base Period Revenue. This would be similar in effect to each carrier's settlement revenue. It would also provide a reasonable means of allocating the true-ups that will occur in 2014 and subsequent years. We invite parties to comment on the above discussion of the issues presented and to address any additional factors that should be taken into consideration in resolving this issue.

26. As part of its direct case, if NECA finds the pooling approach outlined above acceptable, we direct it to file revised TRPs supporting each of its pooling members' calculation of Eligible Recovery using the pooling methodology specified above for allocating projected interstate switched access revenues. These TRPs shall also include the other adjustments that may be necessary because of other issues designated in this Order.

27. In addition to the materials requested above, NECA, or another party, may file additional materials or arguments that it believes address the proper development of Eligible Recovery for pooling LECs. This may include arguments supporting the approach used by NECA and any adjustments needed to address any potential windfall for some carriers. Such parties shall address the potential distorting effect of any such adjustments. These distortive effects shall be measured in terms of what the results would have been if NECA had employed the pooling approach outlined above. For example, parties should address whether different ARC rates could result for some carriers depending on the approach taken. In particular, they should address the effect that making any adjustments will have on the predictability of the entire Eligible Recovery process.

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to receive from switched access revenues to achieve their Base Period Revenue amount reduced by five percent.

E. Whether the Suspended Access Recovery Charge Rates are Just and Reasonable and, if not, the Process for Requiring Refunds

28. The fifth issue designated for investigation is the reasonableness of the ARC rates of the carriers listed in Appendix A, and, if the rates are unjust and unreasonable, the process for requiring refunds.⁴⁹ Issues A-D explored various aspects of the data filed in each LEC's TRP, or the revised TRP required in response to one or more of the designated issues. The calculations contained in the TRPs establish the maximum ARC rates that each LEC may assess. If the Commission concludes that a carrier's original TRP or its direct case filing in response to one or more of the above-designated issues justifies the reasonableness of a suspended ARC rate suspended on July 2, 2012, or a higher ARC rate suspended after July 2, 2012, that carrier will not be required to make any changes to its ARC rates. Rather, it need only make a tariff filing to reflect the lifting of the suspension. If, on the other hand, the Commission concludes at the end of this investigation, that the refiled TRPs or other justifications require recalculation of a carrier's Eligible Recovery, a LEC's ARC rates may not have been calculated correctly and one or more ARC rate(s) being assessed may be unjust and unreasonable under section 201(b).⁵⁰ In such cases, a LEC would be required to make appropriate refunds pursuant to the accounting order adopted in the *Suspension Order*.⁵¹

29. We direct each LEC not participating in the NECA traffic-sensitive pool, as part of its direct case, to submit a table showing its filed ARC rates and the ARC rates supported by its direct case. Each LEC shall include a completed TRP showing the calculation of its ARC rates. For each instance in this investigation where the Commission finds the filed rate under investigation unlawful and approves of revised ARC rates that are lower than the originally filed ARC rates, we propose to require the affected LEC to file revised ARC rate(s) that reflect a refund of any overcharges in rates to be effective on January 1, 2013.⁵² The LEC shall indicate as part of its direct case the rate that it proposes to file to be effective on January 1, 2013, to implement the refund and the time that such rate will be in effect. A carrier that believes it cannot meet the January 1, 2013, filing date shall file a proposal for filing its revised ARC rates and set forth the required rate and timing data.⁵³

30. If NECA files revised TRPs pursuant to paragraph 26, we direct NECA to file as part of its direct case for each of its pooling LECs that do not submit a justification for demand losses in excess of 15 percent, certain information about the filed ARC rates in its tariff and the corresponding ARC rates supported by its direct case. For each such pooling LEC, a completed TRP shall be included that shows the calculation of its ARC rates. NECA shall provide a table, (Table 1) as part of its direct case, showing

⁴⁹ This issue also includes consideration of any ARC rate later suspended and rolled into this investigation. See *National Exchange Carrier Association Revisions to Tariff F.C.C. No. 5*, WCB/Pricing File No. 12-09, Transmittal No. 1350, Order, DA 12-1156 (Pric. Pol. Div. July 19, 2012).

⁵⁰ 47 U.S.C. § 201(b). We note that the maximum allowed ARC rates should be used in calculating a LEC's eligibility for Connect America Fund support.

⁵¹ *2012 Annual Access Tariff Suspension Order*, at para. 8.

⁵² Any refunds will, in most cases, be only a few cents a month. Thus, we propose not to require carriers to calculate interest on refund amounts because the administrative cost of doing so would likely exceed any potential interest amounts.

⁵³ *2012 Annual Access Tariff Suspension Order*, at para. 8.

the LECs that filed a residential ARC of \$0.50, a single-line business ARC of \$0.50, and a multi-line business ARC of \$1.00 that remain eligible to charge those rates under the revised TRP for each LEC filed as part of NECA's direct case. NECA shall provide a second table (Table 2) as part of its direct case, showing the LECs that filed a residential ARC capped by the Residential Rate Ceiling, a single-line business ARC of \$0.50, and a multi-line business ARC of \$1.00 that remain eligible to charge the same rates under the revised TRP for each LEC filed as part of NECA's direct case. NECA shall provide a third table (Table 3) as part of its direct case listing each LEC that the direct case shows would be eligible to charge one or more higher ARC rate(s) than those currently in effect. For each LEC listed in Table 3, NECA shall provide the currently effective ARC rates and the comparable ARC rates determined in the direct case. NECA shall provide a fourth table (Table 4) as part of its direct case listing each LEC that has one or more currently effective ARC rate(s) that the direct case shows exceed the allowed ARC rate(s). For each LEC listed in Table 4, NECA shall provide the currently effective ARC rates and the comparable ARC rates determined in NECA's direct case. As part of its direct case, we require NECA to submit a proposal for filing revised ARC rates. Consistent with its proposal for filing revised ARC rates, NECA shall set forth for each LEC listed in Table 4, the proposed rates to be filed to provide the required refund, and the length of time such rates shall be in effect.

31. The Commission, in the order terminating this investigation, will provide further guidance for pooling LECs submitting demand loss justifications and, if NECA does not file a TRP pursuant to paragraph 26, for all pooling LECs on the filing procedures to be followed in making any further tariff filings. This may include the filing of revised TRPs, as necessary, and of tables similar to those described above reflecting filed and proposed ARC rates and any necessary refunds. We invite parties to comment on what procedures would be most workable.

32. LECs were also required to make certain certifications with their annual access tariff filings. Specifically, every filing LEC was required to certify that its filing was true and correct to the best of its knowledge, that it was not seeking duplicative recovery, and that it complied with sections 51.917(d), 51.917(e), and 51.917(f) of the Commission's rules.⁵⁴ Because NECA knew that it had a problem with its data, it did not file such certifications in its June 18 filing.⁵⁵ NECA shall file such certifications as part of its direct case for each pooling carrier. Each non-pooling LEC whose data is being revised as a result of this investigation shall likewise file revised certifications as part of its direct case.

F. What Further Procedures will be Necessary to Implement the Order Terminating this Investigation

33. Finally, we designate for investigation the question of what further procedures may be necessary to implement the Order terminating this investigation. The issues we have designated above affect several different aspects of the process for calculating a carrier's Eligible Recovery. Any revisions

⁵⁴ See 47 C.F.R. §§ 1.16 (addressing unsworn declarations under penalty of perjury in lieu of affidavits); 51.917(d)(1)(vii) (requiring annual certification from Rate-of-Return carriers obtaining Eligible Recovery that no duplicative recovery is sought); and 51.917(f)(3) (stating that "A Rate-of-Return carrier that elects to receive CAF ICC support must certify with its 2012 annual access tariff filing and on April 1st of each subsequent year that it has complied with paragraphs (d) and (e), and, after doing so, is eligible to receive the CAF ICC support requested pursuant to paragraph (f) of this section").

⁵⁵ See Petition for Expedited Waiver filed by National Exchange Carrier Association, Inc., WC Docket Nos. 05-337, 10-90; WCB/Pricing File No. 12-08, at 4-5 (filed June 1, 2012) (NECA Petition).

required in response to one or more of the above-designated issues will likely affect the amount of a carrier's total Eligible Recovery, and could affect the amounts collected through ARCs or Connect America funding. Above, we addressed possible revisions to tariffed ARC charges. Here, we seek comment on what procedures should be specified to address changes to the amount of Connect America funding a carrier may be eligible to receive and/or may have already received.

34. For non-pooling carriers, revisions to Eligible Recovery calculations may change a carrier's eligibility to receive support from the Connect America Fund. In such cases, we propose that each carrier file a revised TRP with the Universal Service Administrative Company (USAC) within 30 days of the Order terminating this investigation. USAC would then process the revised filings and make the necessary adjustments consistent with the process it uses to address other submissions of revised data. We invite affected parties to comment on this approach.

35. The process for pooling LECs may be more complicated, depending on the outcome of the investigation. To the extent that revisions to NECA's determination of projected revenues as well as Connect America funding are required, the timing of the payments associated with the revisions could significantly affect access to critical revenue amounts. Thus, we believe that a process is required under which NECA and USAC make any required revisions in a coordinated manner. We propose to require NECA and USAC to establish a process within 21 days of the release of the Order terminating this investigation to implement the required revisions in a coordinated manner. We invite interested parties to comment on this approach and to suggest any guidelines that the Commission should adopt to govern the adjustment process.

IV. PROCEDURAL MATTERS

A. Filing Schedules

36. This investigation is designated WC Docket No. 12-233. The carriers listed in Appendix A are designated as parties to this investigation of the listed tariff filings.

37. The carriers listed in Appendix A, with the exception of NECA, shall file their direct cases no later than **September 27, 2012**. NECA shall file its direct case no later than **October 4, 2012**. The direct cases must present the parties' positions with respect to the issues described in this Order. Pleadings responding to the direct cases may be filed no later than **October 18, 2012**, and must be captioned "Oppositions to Direct Case" or "Comments on Direct Case." The carriers listed in Appendix A may each file a "Rebuttal" to oppositions or comments no later than **October 25, 2012**.

- Electronic Filers: Direct cases and other pleadings may be filed electronically by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.
- Paper Filers: Parties who choose to file by paper must file an original and one copy of each filing.
- Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
 - All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th St., SW, Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries

must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building.

- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.
- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW, Washington DC 20554.

38. The direct cases, oppositions, and replies and any other filed documents in this investigation may be obtained from Best Copy and Printing, Inc., in person at 445 12th Street, S.W., Room CY-B402, Washington, DC 20554, via telephone at (202) 488-5300, via facsimile at (202) 488-5563, or via e-mail at FCC@BCPIWEB.COM. The pleadings will also be available for public inspection and copying during regular business hours in the FCC Reference Information Center, Room CY-A257, 445 12th Street, S.W., Washington, DC 20554, and through the Commission's Electronic Filing System (ECFS) accessible on the Commission's Web site, <http://www.fcc.gov/cgb/ecfs>.

39. To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at 202-418-0530 (voice) or 202-418-0432 (TTY). Contact the FCC to request reasonable accommodations for filing comments (accessible format documents, sign language interpreters, CART, etc.) by e-mail: FCC504@fcc.gov; phone: 202-418-0530 or TTY: 202-418-0432.

B. *Ex Parte* Requirements

40. This proceeding shall be treated as a "permit-but-disclose" proceeding in accordance with the Commission's *ex parte* rules.⁵⁶ Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b). In proceedings governed by rule 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (*e.g.*, .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules.

⁵⁶ 47 C.F.R. §§ 1.1200 et seq.

C. Paperwork Reduction Act

41. This Order designating issues for investigation does not contain proposed information collection(s) subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. In addition, therefore, it does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, *see* 44 U.S.C. § 3506(c)(4).

V. ORDERING CLAUSES

42. ACCORDINGLY, IT IS ORDERED that, pursuant to sections 4(i), 4(j), 201(b), 203(c), 204(a), and 403 of the Communications Act, 47 U.S.C. §§ 154(i), 154(j), 201(b), 203(c), 204(a), and 403, and sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, the issues set forth in this Order ARE DESIGNATED FOR INVESTIGATION.

43. IT IS FURTHER ORDERED that the carriers listed in Appendix A, including the National Exchange Carrier Association and its member carriers, SHALL BE parties to this proceeding.

44. IT IS FURTHER ORDERED that each carrier listed in Appendix A, including the National Exchange Carrier Association and its member carriers, SHALL INCLUDE, in its direct case, a response to each request for information that it is required to answer by this Order.

FEDERAL COMMUNICATIONS COMMISSION

Victoria S. Goldberg
Acting Chief, Pricing Policy Division

APPENDIX A
Designations Appendix

<u>Issue</u>	<u>Issue A (Base Period Revenue)</u>	<i>Billed Revenue</i>	<i>FY 2011 Rev</i>	<i>3-31-12 Cutoff</i>	<i>Base Period Elements</i>	<i>Late/Partial Payments</i>	<i>Uncollectibles</i>	<i>NRCs</i>	<u>Issue B (Intrastate Rate Reductions)</u>	<i>NRCs</i>	<i>Composite Rate</i>	<u>Issue C (Switched Access Demand)</u>	<u>Issue D (NECA Pool Carriers)</u>	<u>Issue E (ARC Rates)</u>
<u>Carrier/Entity</u>														
Atlantic Telephone Membership Corporation			X					X		X		X		X
Bluffton Telephone Company, Inc.			X					X		X		X		X
Camden Telephone and Telegraph Company, Inc.			X					X		X		X		X
Chesnee Telephone Company, Inc.			X					X		X		X		X
Chester Telephone Company								X		X		X		X
Citizens Telephone Company								X		X		X		X
City of Brookings Municipal Telephone Department								X		X		X		X
Columbus Telephone Company			X	X	X	X	X	X		X		X		X
East Ascension Telephone Company			X	X	X	X	X	X		X		X		X
Egyptian Telephone Cooperative Assn.		X	X	X		X	X	X		X		X		X
Etex Telephone Cooperative, Inc.			X	X	X	X	X	X		X	X	X		X
Farmers Telephone Cooperative, Inc.			X					X		X		X		X
Flat Rock Telephone Company		X	X	X		X	X	X		X		X		X
Fort Mill Telephone Company								X		X		X		X
Gearhart Communications Company, Inc.								X		X		X		X
Geneseo Telephone Company								X		X		X		X
Hargray Telephone Company, Inc.			X					X		X		X		X
Harrisonville Telephone Company			X	X		X	X	X		X		X		X

<u>Issue</u>	<u>Issue A (Base Period Revenue)</u>	<i>Billed Revenue</i>	<i>FY 2011 Rev</i>	<i>3-31-12 Cutoff</i>	<i>Base Period Elements</i>	<i>Late/Partial Payments</i>	<i>Uncollectibles</i>	<i>NRCs</i>	<u>Issue B (Intrastate Rate Reductions)</u>	<i>NRCs</i>	<i>Composite Rate</i>	<u>Issue C (Switched Access Demand)</u>	<u>Issue D (NECA Pool Carriers)</u>	<u>Issue E (ARC Rates)</u>
Heartland Telecommunications Company of Iowa		X		X	X	X	X	X		X		X		X
Home Telephone ILEC, LLC								X		X		X		X
Horry Telephone Cooperative, Inc.								X		X		X		X
Ironton Telephone Company		X		X	X	X	X	X		X		X		X
Jefferson Telephone Company		X		X	X	X	X	X		X		X		X
Jordan Soldier Valley Telephone Company		X		X	X	X	X	X		X		X		X
Knology of the Valley, Inc.								X		X		X		X
LaHarpe Telephone Company			X	X	X	X	X	X		X		X		X
Lake Livingston Telephone Company			X	X	X	X	X	X		X		X		X
Lancaster Telephone Company								X		X		X		X
Livingston Telephone Company			X	X	X	X	X	X		X		X		X
Lockhart Telephone Company, Inc.								X		X		X		X
Mankato Citizens Telephone Company		X		X	X	X	X	X		X		X		X
Mid-Communications, Inc.		X		X	X	X	X	X		X		X		X
Millington Telephone Company, Inc.			X					X		X		X		X
Mt. Horeb Telephone Co.			X					X		X		X		X
Mt. Vernon Telephone Company			X					X		X		X		X
NECA			X	X	X	X	X	X		X	X	X	X	X
NECA Pool Members with Individual ARCs			X	X	X	X	X	X		X	X	X	X	X
NTELOS Telephone, Inc.		X		X	X	X	X	X		X		X		X
Oklahoma Communications Systems, Inc.			X					X		X		X		X
Ozark Telephone Company			X	X	X	X	X	X		X		X		X
Readlyn Telephone Company		X		X	X	X	X	X		X		X		X
Ridgeway Telephone Company, Inc.								X		X		X		X

<u>Issue</u>	<u>Issue A (Base Period Revenue)</u>	<i>Billed Revenue</i>	<i>FY 2011 Rev</i>	<i>3-31-12 Cutoff</i>	<i>Base Period Elements</i>	<i>Late/Partial Payments</i>	<i>Uncollectibles</i>	<i>NRCs</i>	<u>Issue B (Intrastate Rate Reductions)</u>	<i>NRCs</i>	<i>Composite Rate</i>	<u>Issue C (Switched Access Demand)</u>	<u>Issue D (NECA Pool Carriers)</u>	<u>Issue E (ARC Rates)</u>
Rock Hill Telephone Company								X		X		X		X
Ronan Telephone Company		X		X	X	X	X	X		X		X		X
Seneca Telephone Company			X	X	X	X	X	X		X		X		X
Skyline Telephone Membership Corporation			X					X		X		X		X
Smart City Telecommunications, LLC			X					X		X		X		X
Smithville Communications, Inc.			X	X	X	X	X	X		X		X		X
South Central Rural Telephone Cooperative			X					X		X		X		X
SureWest Telephone								X		X		X		X
Tennessee Telephone Company			X					X		X		X		X
The Chillicothe Telephone Company					X			X		X		X		X
The Pioneer Telephone Association, Inc.								X		X		X		X
Tri County Telephone Association, Inc.			X					X		X		X		X
Union Telephone Company					X		X	X		X		X		X
Yadkin Valley Telephone Membership Corporation								X		X		X		X