

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Eliminating <i>Ex Ante</i> Pricing Regulation and)	WC Docket No. 20-71
Tariffing of Telephone Access Charges)	

**COMMENTS
OF
WTA – ADVOCATES FOR RURAL BROADBAND**

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SUMMARY

WTA – Advocates for Rural Broadband (“WTA”) urges the Commission to adopt a more flexible permissive detariffing of telephone access charges (“TACs”) rather than mandatory nationwide detariffing. The predominant TACs – the Subscriber Line Charge (“SLC”) and the Access Recovery Charge (“ARC”) – have long been capped and stable and are both familiar and acceptable to the vast majority of customers. There are no significant current problems or complaints to be resolved, nor any material benefits to be gained, by detariffing TACs nationwide on a mandatory basis. Moreover, mandatory TAC detariffing and consolidation of SLC and ARC charges into basic local service rates will be subject to intrastate regulations and restrictions in at least one-third of the states. These state requirements include tariffing, annual limitations on the amounts that local service rates can be increased, detailed state commission reviews of rate increases, and lengthy and expensive rate cases. Detariffing of TACs will reallocate up to \$290 million of currently interstate SLC and ARC revenues in a manner that will unpredictably impact federal and state universal service support mechanisms, as well as creating unnecessary customer questions, complaints and education needs. Finally, the creation of uncertainty regarding the future availability of up to \$290 million in long-stable SLC and ARC revenues is extremely counter-productive and de-stabilizing during a period when rural local exchange carriers (“Rural LECs”) need every available dollar to extend and upgrade their broadband networks and to cope with the disruptions of the COVID-19 (“COVID”) pandemic.

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WTA-Advocates for Rural Broadband (“WTA”) hereby submits its initial comments with respect to the Commission’s *Notice of Proposed Rulemaking* (In the Matter of Eliminating *Ex Ante* Pricing Regulation and Tariffing of Telephone Access Charges), WC Docket No. 20-71, FCC 20-40, released April 1, 2020 (“*NPRM*”). These comments are submitted in accordance with the schedule established in 85 Fed. Reg. 30899 (May 21, 2020).

WTA is aware of no evidence of any kind – neither significant industry-wide problems nor likely benefits nor demand or confusion on the part of carriers or customers -- that warrants the costs and disruptions of mandatory nationwide detariffing of Telephone Access Charges (“TACs”). At the present time, the two largest TACs – the Subscriber Line Charge (“SLC”) (approximately \$235 million) and the Access Recovery Charge (“ARC”) (approximately \$55 million) – constitute a revenue stream of approximately \$290 million for rural local exchange carriers (“Rural LECs”). Although this may not be considered a huge dollar amount in Washington, the loss, reduction or instability of this revenue stream will adversely impact many Rural LECs at a time when they are struggling to obtain as many dollars as possible to extend and

upgrade their broadband networks, as well as to deal with the increased costs and customer payment issues arising from the COVID-19 (“COVID”) pandemic.

Rather than imposing an inflexible “one-size-fits-all” regime that requires all local exchange carriers (“LECs”) to detariff the five subject TACs on a mandatory basis, WTA urges the Commission to instead adopt the more flexible alternative of allowing any carriers wishing to do so to detariff their TACs on a permissive basis.

A major advantage of a permissive approach over a mandatory one is that a substantial number of Rural LECs and other LECs remain subject to state regulatory systems that impose restrictions and costs on pricing changes that far outweigh any actual or potential benefits of TAC detariffing. Specifically, such states continue to have local service rate increase restrictions that would either limit or preclude the contemplated consolidation of TAC charges with basic local service charges on customer bills. In some cases, these state statutes and regulations would subject consolidations of TACs with local service rates to the lengthy delays and excessive costs of state commission reviews or full-blown formal rate cases to determine whether and to what extent they may be implemented.

In addition to allowing flexible responses to different state regulatory regimes, permissive detariffing recognizes that Rural LECs and other LECs are very different entities that must operate in a wide variety of physical and economic environments. Some Rural LECs are stretched so thin by the critical primary task of extending and upgrading their broadband networks (as well as the current COVID-19-related problems) that they would be adversely impacted by some or all of the other potential impacts of the detariffing of TACs – including changes in federal and state universal service support flows and contributions and increased costs of dealing with customer complaints and education. In contrast, other LECs may determine that increased pricing flexibility is worth

the additional costs and disruptions of detariffing and elect to detariff and revise their TACs according to the schedule and to the extent that best serves their business operations and customers. The experiences of the carriers that elect to detariff their TACs during the early stages of permissive detariffing can help carriers that do so at a later time to avoid or minimize problems that are likely to arise under a rigid “one size fits all” approach.

I.
**There Are No Current Problems, Needs or Benefits
That Warrant Nationwide Mandatory Detariffing of TACs**

The five TAC charges that are the subject of this proceeding are: (1) the Subscriber Line Charge (“SLC”); (2) the Access Recovery Charge (“ARC”); (3) the Presubscribed Interexchange Carrier Charge (“PICC”); (4) the Line Port Charge; and (5) the Special Access Surcharge. Of these, the most significant to WTA members, other Rural LECs and their rural customers are: (a) the SLC (an approximate \$235 million revenue stream in 2020-2021 for Rural LECs), which was established in the mid-1980s and which was revised to its present format and capped levels for Rural LECs (\$6.50 per month for primary residential and single-line business lines, and \$9.20 per line per month for multi-line business lines) in 2001; and (b) the ARC (an approximate \$55 million revenue stream in 2020-2021 for Rural LECs), which was established and capped (generally, up to \$3.00 per month for residential and single-line business lines and up to \$6.00 per line per month for multiple-line business lines) in 2011.¹

¹ To the extent that it has not already been phased out, the PICC is not charged to residential customers, but rather applies only to certain interexchange carriers serving multi-line business subscribers. The Line Port Charge and the Special Access Surcharge are specialized charges that apply to relatively limited classes of customers and that address specific issues [higher cost digital line ports such as integrated services digital network (“ISDN”) line ports, and “leaky” private branch exchanges (“PBXs”), respectively].

WTA and its Rural LEC members are aware of no perceptible customer dissatisfaction or complaints regarding the SLC and/or the ARC. Some companies combine them on customer bills; others charge them as separate line items. Some Rural LECs do not charge an ARC or charge one less than the capped amount. The SLC has been around in its present form for almost twenty years and the ARC for almost ten years. For virtually all customers of Rural LECs, the line items for the SLC, ARC or combined charge have remained identical and unchanged since the ARC reached its currently capped amount. Those customers who review the details of their monthly telephone bills are used to seeing the same monthly SLC and ARC charges (whether separate line items or a combined one) and do not challenge or complain about them. WTA is aware of no member that has received a customer complaint about the SLC or ARC within recent memory – at least during the past five (5) years and generally much longer.

WTA is aware that there is some consumer dissatisfaction with the number of separate line items on wireline and wireless telecommunications bills. However, this dissatisfaction is not focused upon the longstanding, familiar and unchanging SLCs and ARCs. Rather, customer unhappiness and frustration with lengthy telecommunications bills is focused far more upon wireless bills that do not include SLCs or ARCs among their multiple line items, as well as upon line items in both wireline and wireless bills that are difficult-to-understand and/or that change almost every month.

WTA does not see any significant benefit to customers, much less to the “vast majority of customers,” from the deregulation and mandatory detariffing of TACs. Rural LECs cannot file tariff revisions or rely upon the “filed rate doctrine” to increase unilaterally and excessively the SLCs and ARCs that they charge to their customers² beyond the amounts at which they have been

² *NPRM* at ¶44.

capped for years. They can decrease their tariffed SLCs and/or ARCs if they wish, but not increase them above their long-established caps. And given that the SLC and ARC are focused predominately upon the recovery of the interstate portion of the cost of the basic local loop and local exchange service network, detariffing them is unlikely to enable customers to obtain a new and greater variety of service arrangements that are “specifically tailored to their individual needs.”³ Rather, once the basic local exchange network is in place, any new and specifically tailored services that are developed will not likely affect or be affected by the portion of the cost of such basic network facilities that is recovered via SLCs and/or ARCs.

Likewise, SLCs and ARCs do not produce significant, much less high, regulatory costs. Given that SLCs have been capped since 2001 and ARCs since 2017, neither charge requires substantial additional data or analysis during the conduct of cost studies or the preparation of annual access tariff transmittals. SLCs and ARCs also have had no perceptible impact – adverse or otherwise - upon the ability of Rural LECs to offer “innovative integrated services designed to meet changing market conditions.”⁴ Rather, SLCs and ARCs are imposed upon the basic local service loops and network and have no significant impact upon additional services – innovative, integrated or otherwise – offered over those common and fundamental facilities.

Finally, SLCs and ARCs do not “impede” the ability of Rural LECs “to react to competition.”⁵ Rather, if it is necessary or useful to reduce or eliminate a SLC and/or ARC in order to respond to competition, LECs have long had the ability pursuant to 47 U.S.C. §204(a)(3) to do so readily and rapidly via a tariff revision that will be effective in a mere seven (7) days.

³ *Id.*

⁴ *Id.*

⁵ *Id.*

In sum, WTA notes that there is currently no significant problem with respect to SLCs or ARCs that needs to be addressed, nor any material benefit to be obtained, by detariffing them nationwide on a mandatory basis and disrupting an important \$290 million revenue stream. In fact, given the trends cited in the *NPRM* regarding the migration of traditional local voice service customers to wireless voice services and interconnected VoIP services,⁶ it would appear that any present or future problems or concerns – actual, perceived or anticipated -- with respect to SLCs and ARCs are likely to be decreasing in size and scope due to such market forces without the need for mandatory nationwide detariffing or other Commission action.

II
Existing Local Service Regulation in Many States
Limits the *NPRM*'s Mandatory Detariffing and Billing Proposals
Or Renders Them Unreasonably Expensive

Whereas a “growing number” of states may have adopted rate flexibility for the intrastate portion of local telephone services,⁷ many states continue to regulate local telephone services, rates and bills. In those latter states, the *NPRM*'s proposals to require LECs to detariff their SLCs, ARCs and other TACs and to prohibit them from separately listing TACs on customer bills (*i.e.*, to require them to combine TACs with local service rates as a single consolidated “total” price) will be subject to state regulation under 47 U.S.C. §§152(b) and 221(b). In such states, the consolidation of up to \$9.50 in SLCs and ARCs with existing local service rates will far exceed the maximum annual rate increase limitations established by state law, and in some cases will precipitate detailed reviews and formal rate cases that can last months or years and entail costs of tens or hundreds of thousands of dollars.

⁶ *NPRM* at ¶40.

⁷ *NPRM* at ¶46.

Some states – including Arizona, California and Kentucky – still require the conduct of detailed public utilities commission reviews or the filing and prosecution of rate cases for many increases in local service rates. In New York, companies receiving state universal service support, and small companies with limited competition have a capped local residential service rate of \$23 per month and must file rate cases in order to obtain additional revenue from the state universal service fund.⁸ These state rate cases are expensive, with the estimated cost of a California rate case ranging in the neighborhood of \$500,000.

In Idaho, Title 61, Chapter 3, Section 61-307 of the state code requires at least thirty (30) days' notice to the Idaho Public Utilities Commission ("Idaho PUC") for a proposed change in local service rates. Whereas there is no cap on local service rates, any proposed increase in local service rates requires Idaho PUC review and approval. Idaho also has a general rate case option, but it is expensive and time-consuming and has rarely been used during recent years.

Other states -- including Arkansas, Ohio, Oklahoma, Texas, Vermont, Alabama, Mississippi, Pennsylvania and South Carolina – have regulatory or alternative regulatory systems that allow limited annual local service rate increases but require rate cases or other state commission reviews of larger proposed rate increases. Unfortunately, the \$6.50 to \$9.50 in monthly residential customer revenues needed to replace the SLC and ARC generally exceeds the threshold amounts established by these states.

For example, Arkansas Code §23-17-412(i) gives the Arkansas Public Service Commission ("APSC") the right on its own motion to review the basic local exchange service rates of any LEC that increases such rates by more than the greater of fifteen percent (15%) or two dollars (\$2.00) per access line per month within any consecutive twelve-month period. In addition,

⁸ In New York, small carriers that do not receive state USF support have limited flexibility to increase their local service rates up to \$2.00 per line per month during a year, but are capped at a \$23.00 per month local service rate.

Arkansas Code §23-17-412(e) permits any basic local exchange service rate increase to be suspended, subjected to an APSC public hearing, and adjusted if fifteen percent (15%) of the affected subscribers sign a formal petition objecting to the rate increase within sixty (60) days after they receive notice from the LEC of the proposed increase.

Ohio R.C. 4928.12 generally prohibits all for-profit Ohio incumbent LECs from increasing their monthly rates for basic local exchange service by more than two dollars (\$2.00) during any year. There does not appear to be any provision or procedure under Ohio law to increase basic local service rates by more than \$2.00 per month per line during a year.

In Oklahoma, the general law of OAC 155:55-5-10(f) is that no proposed or revised tariff of a telecommunications service provider relating to basic local exchange service or switched access service can become effective without an Oklahoma Corporation Commission (“OCC”) review or rate case and subsequent order. OAC 165:55-5-50 does offer the option of an alternative regulatory system that allows small Rural LECs (*i.e.*, those serving fewer than 75,000 access lines) to apply for and obtain OCC approval of modified regulatory plans that, *inter alia*, produce fair and reasonable rates. Most such modified plans allow Rural LECs to increase their basic local exchange service rates by \$2.00 per line per month during a year without an OCC hearing or rate review. However, both the general OCC rate reviews or rate cases, and the alternative regulation reviews and rate cases for rate increases exceeding the \$2.00 limit, take many months (often approaching or exceeding a year) and are very expensive (often approaching or exceeding six figures).

In Texas, small Rural LECs are limited to increasing local service rates by no more than fifty percent (50%) per year provided that such increases together with any other approved tariff changes in the twelve (12) months preceding the proposal do not increase intrastate revenues by

more than five percent (5%) and that no more than five percent (5%) – a very low threshold -- of the affected customers file a complaint.⁹

Vermont prohibits carriers from increasing their basic local service rates by more than 11 percent (11%) or \$2.00 per line per year, whichever amount is less. Mississippi limits local service rate increases to two percent (2%) per year. Alabama (annual rate increases capped at Gross Domestic Product Price Index increase), Pennsylvania (annual rate increases capped at lesser of 20 percent (20%) or an amount determined by a state Price Stability Mechanism) and South Carolina (annual local service rate increases limited to inflation rate once initial cap of \$20 per line per month reached) all employ measures such as annual price inflation to limit local service rate increases.

In Kansas, Rural LECs that receive Kansas Universal Service Fund (“KUSF”) support are subject to a “statewide affordable rate” established on a two-year basis pursuant to K.S.A. 66-2005(d) and (e). The current statewide affordable residential rate of \$17.75 is in effect until March 1, 2021, and is charged by most Kansas Rural LECs. Consolidation of all or part of the present \$6.50 to \$9.50 of SLC and ARC charges into their local residential and single-line business rates would put all Kansas Rural LECs over the statewide affordable rate and would result in a dollar-for-dollar reduction of their KUSF support. This is the equivalent of a loss of virtually their entire existing SLC and ARC revenues. It is possible that some Kansas RLECs could seek replacement revenue from the Kansas Corporation Commission (“KCC”), but such requests are generally subjected to formal rate cases that can last up to eight (8) months, cost tens of thousands of dollars per company, and historically result in little or no actual financial relief. Potential Kansas rate cases would be further complicated by the revenue and broadband build-out differences inherent

⁹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§53.301 and 53.306. (West 2007) (PURA).

in the Alternative Connect America Cost Model (“ACAM”) support elected by some Kansas Rural LECs, including KCC staff questions and concerns regarding the interpretation and treatment of ACAM revenues for intrastate ratemaking purposes.

In Illinois, small Rural LECs (*i.e.*, those serving fewer than 25,000 access lines) receiving Illinois Universal Service Fund (“IUSF”) support are limited to a maximum “affordable rate” threshold of \$20.39 (comprised of the basic local rate, the state subscriber line charge and any touch-tone service charge) which will not accommodate a basic local rate increase to add from \$6.50 to \$9.50 in consolidated SLC and ARC charges. Hence, most Illinois Rural LECs are likely to be forced to give up IUSF support if they attempt to recover any detariffed SLC and/or ARC revenues in their local service rates. Moreover, Section 13-504 of the Illinois Public Utilities Act requires a formal rate case if more than ten percent (10%) of a Rural LEC’s affected customers file formal complaints with the Illinois Commerce Commission objecting to a basic service rate increase -- such as one to recover some or all of the detariffed SLC and/or ARC revenues.

New Mexico does not impose specific prohibitions or limitations upon local service rate increases. However, sections 17.11.9.8 and 17.11.9.9 of the New Mexico Administrative Code require an incumbent rural telecommunications carrier seeking a rate increase for local exchange service to provide a state commission-approved notice to affected residential customers at least sixty (60) days prior to the effective date of the proposed increase, while section 17.11.9.13 authorizes the New Mexico commission to review the rate increase in a formal rate case if two and a half percent (2.5%) of the affected customers file protests with the commission. This relatively low threshold has resulted during recent years in lengthy and expensive rate cases.

WTA believes that Sections 152(b) and 221(b) of the Communications Act make it very difficult for the Commission to preempt the regulation of local service rates by the states that have

elected to continue to do so. In the absence of such preemption, WTA members and other LECs in a significant number of states will lose substantial portions of their existing SLC and ARC revenues if the Commission mandates the nationwide detariffing of TACs and their consolidation with local service rates as a single billing line item. Even where relief may be theoretically possible in some states by justifying changes in basic local service rates via state commission review or formal rate cases, such “relief” requires expensive and lengthy proceedings that may or may not provide significant relief from the SLC and ARC revenue losses. During a period when WTA members and other Rural LECs urgently need all of their available financial resources and more to extend and upgrade their broadband networks and to deal with COVID-19-related disruptions, TAC revenue losses and rate case expenses could not be more poorly timed and disruptive.

III

Mandatory Nationwide TAC Detariffing Raises Universal Service and Customer Relations Issues

Mandatory nationwide detariffing of TACs may also entail other costs and problems, including disruptions to USF contributions and distributions and increases in customer dissatisfaction and educational needs.

USF Contributions. At the present time, most WTA members and other Rural LECs contribute to the USF on the basis of their SLCs, ARCs and the interstate and international portions of their exchange access and toll service revenues.

The detariffing of SLCs and ARCs will break the clear link that establishes them as the means for recovering the portions of network costs allocated to the interstate jurisdiction and that unambiguously identifies them as interstate revenues subject to USF contribution obligations. Once SLCs and ARCs are detariffed, state commissions and others may allocate and account for

most or all of the resulting consolidated and increased local service charges as intrastate revenues. In that case, the Wireline Competition Bureau's ruling in *Universal Service Contribution Methodology*, Declaratory Ruling and Order, WC Docket No. 06-122, DA 13-2254, released November 25, 2013, becomes relevant. There, in circumstances where LECs (in that instance, competitive LECs) were not required to assess a SLC or other specific interstate charge to recover non-traffic sensitive costs, the Bureau held that those LECs that billed their customers for a service not contained in an interstate tariff and that recorded the revenues for such service as "fixed local exchange revenues" (that is, not as interstate revenues) were not required to report such revenues as interstate revenues for USF contribution purposes. *Id.* at ¶13.

WTA members receive substantial amounts of federal high-cost support and are not interested in disrupting or decreasing federal USF contributions. However, they are concerned that detariffing SLCs and ARCs that are now clearly interstate revenues and consolidating the "replacement" charges and revenues, in whole or part, with intrastate local exchange service charges and revenues is going to raise allocation issues that can impact both federal and state USF mechanisms. As will be addressed below, simply setting up a "25 percent safe harbor" for allocating the consolidated local service revenues is not likely to be revenue neutral. Rather, the shifting of current interstate SLC and ARC revenues or revenue replacements, in whole or part, to the intrastate jurisdiction is likely to impact federal USF contributions, intrastate rates of return, and intrastate universal service contributions and support in ways that may not be accurately predictable at this time.

If the Commission proceeds to set the contemplated 25 percent (25%) safe harbor, detariffing SLCs and ARCs and consolidating their "replacements" into local service rates will change the amount of federal USF contributions that most Rural LECs make – increasing them for

some and reducing them for others – with a resultant net impact of unknown size and direction upon overall USF contributions. At a “safe harbor” allocation of 25 percent to interstate,¹⁰ a consolidated monthly service rate of \$38.00 would be the typical dividing line between increased and reduced USF contributions by LECs. Carriers charging more than \$38.00 per line per month would be contributing on the basis of a comparable interstate revenue base greater than that including the common current amount of \$9.50 of SLC and ARC revenues per month, while carriers charging less than \$38.00 per line per month would have a comparatively smaller interstate revenue base. The aggregate net impact of detariffing is likely to be a reduction in USF contributions by LECs because: (1) the \$38.00 monthly rate that constitutes the dividing line exceeds the “reasonably comparable rate” that most High-Cost Support program recipients are permitted to charge, as well as the price that most voice service customers will pay; and (2) as discussed in the preceding section, most states that regulate local service rates will not allow the carriers over which they have jurisdiction to charge more than \$20-to-\$25 per month for local service and are unlikely to permit recovery in consolidated local service rates of more than a small portion of the current \$9.50 per month of SLC and ARC charges.

In addition, WTA notes that any re-allocation of former SLC and ARC revenues to the intrastate jurisdiction will have an impact upon intrastate rates of return and ultimately on intrastate universal service and broadband support programs. Such impacts will differ from state to state, and from carrier to carrier, but are likely to be significant and disruptive in at least some cases.

USF distributions. The *NPRM*’s proposal to require Connect America Fund – Broadband Loop Service (“CAF-BLS”) recipients to impute the maximum capped SLC charges to calculate their CAF-BLS support and Connect America Fund – Intercarrier Compensation (“CAF-ICC”)

¹⁰ *NPRM* at ¶78.

recipients to impute the maximum capped ARC charges to calculate their CAF-ICC support means that Rural LECs will not be able to recoup any SLC or ARC revenues lost due to mandatory detariffing from their CAF-BLS or CAF-ICC support. Specifically, CAF-BLS recipients will be required to impute the entire estimated \$115 million that they currently receive in SLC revenues and will receive no additional CAF-BLS support to replace any of the detariffed SLC revenues that they cannot recover in their local service rates. Likewise, CAF-ICC recipients will be required to impute the entire estimated \$55 million that they currently receive in ARC revenues and will receive no additional CAF-ICC support to replace any of the detariffed ARC revenues that they cannot recover in their local service rates. Particularly, in states that will not allow LECs to recover the detariffed SLC and ARC revenues in consolidated local service rates or will only permit partial recovery in bits and pieces (such as annual \$2.00 per line per month increases) over five or so years or after litigating expensive state commission reviews or formal rate cases, this arbitrary scrapping of an established and significant revenue stream without any viable alternative for replacement is wholly unreasonable and unfair.

Customer Satisfaction and Relations Issues. WTA members are currently unaware of any perceptible customer dissatisfaction with the SLC, ARC and/or SLC/ARC line items on their monthly bills. WTA is not aware of any customer complaints with respect to these capped and unchanging charges during the last five or more years. The *NPRM*'s proposals are likely to put an end to this tranquility and stir up dissatisfaction, complaints, and needs for increased customer education among a segment of rural customers.

As the Commission is aware, WTA members and other Rural LECs are small companies that are generally owned or managed locally and that interface daily with customers and are well aware of their needs and concerns. Some customers review their monthly bills line-by-line; others

look only to the total amount that they must pay. Some customers read bill inserts and notices; others call the local company office (or stop company managers or employees around town) to inquire or complain about billing changes or service problems.

The point here is that the detariffing of TACs (and particularly the detariffing of the SLC and ARC) and requiring any remaining portion of them to be consolidated with local service rates is going to cause some customer dissatisfaction and complaints where there were none before. Some customers will not read bill inserts and company notices and jump to the conclusion that the inclusion of some or all of the SLC/ARC amount in their local service charge constitutes a rate increase. This will cause some of these customers to terminate some or all of their local service, others to complain to this Commission or their state commission, and still others to complain to the company's customer service representatives. In all of these instances, Rural LECs will need to bear the expense of having their employees, attorneys and consultants deal with and mollify complaining customers and create additional bill inserts, newsletter items and website materials to explain the changes in their bills. Although such additional costs are not necessarily crippling *per se*, they are not necessary to address any current customer complaints regarding SLCs and ARCs and would constitute an unnecessary additional burden during a period when Rural LECs urgently need every available dollar to extend and upgrade their broadband networks and deal with the COVID-19 pandemic.

IV. Conclusion

WTA urges the Commission to adopt a more flexible permissive detariffing of TACs rather than mandatory nationwide detariffing. The predominant TACs – the SLC and the ARC – have long been capped and stable and are both familiar and acceptable to the vast majority of customers.

There are no significant current problems or customer complaints to be resolved, nor any material benefits to be gained, by detariffing TACs nationwide on a mandatory basis. Moreover, mandatory TAC detariffing and consolidation of SLC and ARC charges into basic local service rates will be subject to intrastate regulations and restrictions in at least one-third of the states. These state requirements include tariffing, annual limitations on the amounts that local service rates can be increased, detailed state commission reviews of rate increases, and lengthy and expensive formal rate cases. Detariffing of TACs will reallocate up to \$290 million of currently interstate SLC and ARC revenues in a manner that will unpredictably impact federal and state universal service support mechanisms, as well as creating unnecessary customer questions, complaints and education needs. Finally, the creation of uncertainty regarding the future availability of up to \$290 million in long-stable SLC and ARC revenues is extremely counter-productive and de-stabilizing during a period when Rural LECs need every available dollar to extend and upgrade their broadband networks and to cope with the disruptions of the COVID-19 pandemic.

Respectfully submitted,
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