

In the Matter of the Commission's)
Investigation into Intrastate Carrier Access) Case No. 10-2387-TP-COI
Reform Pursuant to S.B. 162.)

² “Cincinnati Bell” is a collective term for Cincinnati Bell Telephone Company LLC, Cincinnati Bell Extended Territories LLC, Cincinnati Bell Wireless, LLC and Cincinnati Bell Any Distance Inc.

decrease in tandem with interstate switched access rates until they reach bill and keep. The FCC would permit the imposition of end user charges to replace at least some of the lost access revenue and a supplemental system of federal funding for portions of the shortfall that could not be recovered through end user charges.

Parties generally addressed three topics: whether the Commission should move forward with intrastate access rate reform at all; whether the Commission should implement the proposed Access Recovery Fund (“ARF”); and whether the Commission should take action with respect to originating access service. Cincinnati Bell believes the answer is “no” on all three counts.

A. There Is No Need For State-Ordered Intrastate Access Charge Reductions

Most parties agree that, with the FCC’s order that terminating intrastate access rates mirror interstate access rates by July 1, 2013, there is no pressing reason for the Commission to take action to reduce terminating rates.³ Within a little over a year from now, the rate reforms sought through the proposed Staff plan will be accomplished. The FCC’s ordered reduction of one-half of the difference between intrastate and interstate rates effective July 1, 2012 will require a number of tariff filings and the attendant review and approval process before the Commission. As some parties have suggested, the Commission’s resources will need to be devoted to that process in the near term.⁴

As Cincinnati Bell pointed out and several other parties have agreed,⁵ the revenue neutrality requirement in Revised Code § 4927.15(B) is only invoked if *this* Commission orders changes in access rates. Since the FCC has ordered rate mirroring effective July 1, 2013, no

³ See comments of ACC Coalition, Frontier, Verizon, OCTA, Windstream, OCC and Cincinnati Bell.

⁴ See Comments of AT&T, OCTA.

⁵ See Comments of OCC, MACC Coalition.

revenues lost due to access charge reductions after that date are subject to the revenue neutrality mandate in Ohio law. Likewise, the one-half reduction that will occur between July 1, 2012 and July 1, 2013 would not be required by this Commission. Realizing that only those access reductions ordered by this Commission would be subject to § 4927.15(B), one party even suggests accelerating the proposed Staff plan in order to beat the FCC's July 1, 2012 deadline.⁶ The Commission should not adopt this rather transparent suggestion to rush into an access reform plan that is clearly designed to force the creation of a revenue replacement mechanism under state law. Such a hurried approach is not necessary and would not allow sufficient time to properly administer such a complex matter. Any suggestion that beating the FCC's July 1, 2012 deadline would require an Ohio ARF to replace all intrastate access charge reductions is misguided. Only those reductions ordered by the Commission *over and above* those required by federal law would be subject to the state law revenue neutrality mandate – by definition, that would be limited to any reductions occurring prior to July 1, 2012, and any reductions *beyond* the one-half already ordered by the FCC to occur between July 1, 2012 and July 1, 2013. *After* July 1, 2013, there would be no Commission ordered reductions, hence, no revenue to replace. It makes no sense to rush into a state-ordered access reform plan just to create an ARF for this limited and temporary revenue recovery of one-half of one year's difference between interstate and intrastate switched access rates.

B. There Is No Need For An ARF.

Regardless of whether the Commission orders additional access charge reductions beyond what the FCC has ordered, very few parties advocate the creation of the ARF as a

⁶ See Comments of SLECs.

revenue neutrality mechanism.⁷ Certainly, if the Commission does not order additional access charge reform, there is no reason to create an ARF. But, even if the Commission did order additional access charge reductions, as thoroughly discussed in the earlier rounds of comments in this docket, it should not create an ARF until all other means of maintaining revenue neutrality are exhausted. As most commenters in this proceeding have suggested and the FCC has now actually ordered, any revenue recovery mechanism should begin with a carrier's own customers before unrelated parties are assessed to subsidize that carrier's operations. Because of the lingering administrative issues surrounding an ARF, and the now limited scope and duration of any necessary revenue replacement, the Commission should abandon the ARF altogether. Only two supplemental commenters continue to advocate for the ARF in light of the FCC Order,⁸ and both stand to gain as net drawers from the fund, so their advocacy cannot be viewed as objective.

C. There Is No Need For Intrastate Originating Access Reform

Finally, with respect to originating switched access charges, the FCC did not order any reductions, but sought additional comments in an FNPRM. The FCC was of the view that originating access charges were not as serious a problem as terminating access and that further study was necessary before choosing a course of action. Of those supplemental commenters who addressed this issue, most advocated that the Commission wait to see what the FCC does before taking any action on that front.⁹ It is notable that AT&T, one of the chief advocates of the Staff plan and perhaps the party most affected by paying originating access charges, is not yet ready to

⁷ The ARF is opposed by Sprint/Nextel, the MACC Coalition, Verizon, OCTA, Windstream, OCC and Cincinnati Bell. Sprint/Nextel actually favors going forward with Commission-ordered intrastate access charge reductions, but still opposes the ARF.

⁸ CenturyLink and the SLECs.

⁹ See Comments of MACC Coalition, CenturyLink and AT&T.

make any recommendations with respect to originating access. Others have noted the uncertainty surrounding appeals of the FCC Order, including that of the Commission itself, as reasons not to move forward with access reform at the state level.¹⁰

III. CONCLUSION

The Commission should terminate this proceeding and allow the FCC Order to control the reform of intrastate access rates in Ohio. There is no reason for the Commission to independently order access charge reductions that will already occur under the FCC Order and no need to create a state access recovery fund.

Respectfully submitted,

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¹⁰ See Comments of MACC Coalition, OCC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served upon the following parties by electronic mail this 24th day of February 2012.

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Summary: Comments Supplemental Reply Comments electronically filed by Mr. Douglas E. Hart on behalf of Cincinnati Bell Telephone Company LLC and Cincinnati Bell Extended Territories LLC and Cincinnati Bell Wireless, LLC and Cincinnati Bell Any Distance Inc.