

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

In the Matter of)	
)	
)	
July 1, 2003)	WCB/Pricing No. 03-15
Annual Access Charge Tariff Filings)	
)	

ORDER

Adopted: June 30, 2003

Released: June 30, 2003

By the Chief, Pricing Policy Division:

I. INTRODUCTION

1. Price cap local exchange carriers (LECs) and certain LECs subject to rate-of-return regulation are required by sections 69.3(h) and 69.3(f)(2) of the Commission's rules to file revisions to their interstate tariffs to become effective July 1, 2003.¹ In addition, several rate-of-return LECs that are subject to section 61.38 of the rules² and that file their own traffic-sensitive tariffs filed tariffs to reflect mid-course adjustments. Among other changes, these tariff filings implement the increase in the Subscriber Line Charge (SLC) cap applicable to residential and single-line business customers for all incumbent LECs³ and the elimination of the Carrier Common Line Charge for rate-of-return LECs⁴ that are scheduled to take effect on July 1, 2003. These LECs filed their original tariff transmittals on June 16, 2003, or June 24, 2003, and subsequent revisions as reflected in Appendix A. AT&T Corporation (AT&T) and General Communication, Inc. (GCI), filed petitions to suspend and investigate a number of these tariffs on June 23, 2003, and June 24, 2003, respectively.⁵ On June 27, 2003, 12 LECs filed replies to

¹ 47 C.F.R. §§ 69.3(h) and 69.3(f)(2).

² 47 C.F.R. § 69.38.

³ See 47 C.F.R. §§ 69.104(n)(1)(ii)(C) and 69.152(d)(1)(ii)(D).

⁴ See 47 C.F.R. §§ 69.105.

⁵ July 1, 2003, Annual Access Charge Tariff Filings, Petition of AT&T Corp., WCB/Pricing 03-15 (filed June 23, 2003) (AT&T Petition); Petition of GCI to Suspend and Investigate, WCB/Pricing 03-15 (filed June 24, 2003).

the petitions.⁶

2. In this Order, we suspend for one day and set for investigation the 2003 annual access tariff of Iowa Telecommunications Services, Inc. (Iowa Telecom).⁷ In addition, we suspend for five months and set for investigation the 2003 annual access tariff of Chillicothe Telephone Company (Chillicothe).⁸

II. DISCUSSION

3. The LECs' annual tariff filings are largely compliant with Commission rules. Nevertheless, certain tariff filings require further inquiry. We find that, in its petition to suspend and investigate the LECs' 2003 annual access tariffs, AT&T raises substantial questions of lawfulness that warrant investigation.

4. *Chillicothe.* AT&T argues that Chillicothe used cost estimates that substantially exceed the trend in cost growth, which allegedly resulted in interstate revenue requirements being overstated by \$2.1 million.⁹ AT&T also contends that, despite the projected cost increase, Chillicothe has forecast declining access minutes of use, which AT&T contends are inconsistent with historical demand trends.¹⁰ Finally, AT&T argues that Chillicothe used a 25-day lag in developing its cash working capital that exceeds the industry standard of 15 days, thereby inflating its interstate revenue requirement.¹¹

5. *Iowa Telecom.* Iowa Telecom developed its proposed rates utilizing its existing rates. The rate elements included in calculating Iowa Telecom's average traffic-sensitive (ATS) rate were suspended on April 8, 2003, and are the subject of a pending investigation.¹² The

⁶ July 1, 2003, Annual Access Charge Tariff Filings, Reply Comments of ALLTEL Communications, Inc., to the Petition of AT&T Corp. to Suspend and Investigate ALLTEL Telephone Systems, Inc.'s Annual Filing, WCB/Pricing 03-15 (filed June 27, 2003); Reply Comments of CenturyTel, WCB/Pricing 03-15 (filed June 25, 2003); Reply of the Chillicothe Telephone Company to the Petition of AT&T Corp., WCB/Pricing 03-15 (filed June 27, 2003); Reply Comments of Frontier Telephone of Rochester, Inc., to Petition of AT&T Corp., WCB/Pricing 03-15 (filed June 27, 2003); Reply of Hargray Telephone Company, WCB/Pricing 03-15 (filed June 27, 2003); Reply of Iowa Telecommunications Services, Inc., WCB/Pricing 03-15 (filed June 27, 2003); Reply Comments of the National Exchange Carrier Association, Inc., WCB/Pricing 03-15 (filed June 27, 2003); Qwest's Reply to AT&T's Petition, WCB/Pricing 03-15 (filed June 27, 2003); Reply of SBC Communications Inc., WCB/Pricing 03-15 (filed June 27, 2003); Reply of Valor Telecommunications Enterprises, LLC, WCB/Pricing 03-15 (filed June 27, 2003); Reply of Verizon, WCB/Pricing 03-15 (filed June 27, 2003); Reply of the Virgin Islands Telephone Corporation, WCB/Pricing 03-15 (filed June 27, 2003).

⁷ FCC Tariff No. 1, Transmittal No. 35.

⁸ FCC Tariff No. 1, Transmittal No. 74.

⁹ AT&T Petition at 5-6.

¹⁰ *Id.* at 6-7.

¹¹ *Id.* at 8-9.

¹² See *Iowa Telecommunications Services, Inc., Tariff FCC No. 1, Transmittal No. 31*, Order, DA 03-1103 (continued....)

issues under consideration in that investigation are therefore present in this tariff transmittal and constitute sufficient grounds to suspend the tariff. The tariff transmittal also raises issues regarding Iowa Telecom's common line rates because it has moved revenue recovery from local switching rates to the common line basket.

6. After reviewing the petitions against the tariff, we conclude that substantial questions of lawfulness exist that warrant further investigation of certain of the 2003 annual access tariffs. We accordingly suspend the 2003 annual access tariff of Iowa Telecom for one day and the 2003 annual access tariff of Chillicothe for five months. The specific issues that will be the subject of the investigation will be identified in an upcoming designation order and may include, but not be limited to, the issues identified in paragraphs 4-5, *supra*. We may also, by order, identify discrete issues that do not warrant further investigation.

III. *EX PARTE* REQUIREMENTS

7. This investigation is a permit-but-disclose proceeding and subject to the requirements of section 1.1206(b) of the rules.¹³ Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentations must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one-sentence or two-sentence description of the views and arguments presented is generally required.¹⁴

IV. ORDERING CLAUSES

8. ACCORDINGLY, IT IS ORDERED that, pursuant to section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, the 2003 annual access tariff of Iowa Telecommunications Services, Inc., IS SUSPENDED for one day and an investigation IS INSTITUTED.

9. IT IS FURTHER ORDERED that, pursuant to section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, the 2003 annual access tariff of Chillicothe Telephone Company IS SUSPENDED for five months and an investigation IS INSTITUTED.

10. IT IS FURTHER ORDERED that Iowa Telecommunications Services, Inc., MAY FILE a supplement advancing the currently scheduled effective date to June 30, 2003, and then SUSPEND its tariff revision for one day, until July 1, 2003. For this purpose, we waive sections 61.58 and 61.59 of the Commission's rules, 47 C.F.R. §§ 61.58, 61.59.

(Continued from previous page) _____
(WCB/Pricing Apr. 8, 2003).

¹³ 47 C.F.R. § 1.1206(b).

¹⁴ 47 C.F.R. § 1.1206(b)(2).

11. IT IS FURTHER ORDERED that, pursuant to sections 4(i) and 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i) and 204(a), and pursuant to the authority delegated by sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, Iowa Telecommunications Services, Inc., SHALL KEEP ACCURATE ACCOUNT of all amounts received that are associated with the rates that are subject to this investigation.

12. IT IS FURTHER ORDERED that each local exchange carrier required to suspend its tariff revisions pursuant to this order SHALL FILE a supplement within five business days from the release date of this order reflecting the suspension. Carriers should cite the "DA" number on the instant order as the authority for the filings.

13. IT IS FURTHER ORDERED that the petition to suspend and investigate or to reject the 2003 Annual Access Tariff Filings filed by AT&T Corporation IS GRANTED to the extent indicated herein and otherwise IS DENIED.

14. IT IS FURTHER ORDERED that the petition to suspend and investigate or to reject the 2003 Annual Access Tariff Filings filed by General Communication, Inc., IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Tamara L. Preiss
Chief, Pricing Policy Division
Wireline Competition Bureau

APPENDIX A
FILINGS MADE BY ILECs FOR ACCESS REFORM AND USE

Effective: July 1, 2003

Issued: June 16, 2003

Price Cap ILECs

ALLTEL Telephone System	Transmittal No. 125	Tariff FCC No. 3 ¹
Ameritech Operating Companies	Transmittal No. 1347	Tariff FCC No. 2
BellSouth Telecommunications, Inc.	Transmittal No. 724	Tariff FCC No. 1
CenturyTel Operating Companies	Transmittal No. 30	Tariff FCC Nos 2&3 ²
Cincinnati Bell Telephone	Transmittal No. 783	Tariff FCC No. 35
Citizens Telecommunications Companies	Transmittal No. 138	Tariff FCC No. 1
Frontier Communications of Minnesota and Frontier Communications of Iowa	Transmittal No. 55	Tariff FCC No. 1
Frontier Telephone of Rochester, Inc.	Transmittal No. 67	Tariff FCC No. 1
Iowa Telecommunications Services, Inc.	Transmittal No. 35	Tariff FCC No. 1
Nevada Bell Telephone Company	Transmittal No. 44	Tariff FCC No. 1
Pacific Bell Telephone Company	Transmittal No. 117	Tariff FCC No. 1
Qwest Corporation	Transmittal No. 164	Tariff FCC No. 1
Qwest Corporation	Transmittal No. 165	Tariff FCC No.1&4 ³
Southern New England Telephone Co.	Transmittal No. 793	Tariff FCC No. 39
Southwestern Bell Telephone Company	Transmittal No. 2952	Tariff FCC No. 73
Sprint Local Telephone Companies	Transmittal No. 224	Tariff FCC No. 3
Valor Telecommunications Enterprises	Transmittal No. 30	Tariff FCC No. 1
Valor Telecommunications Enterprises	Transmittal No. 31	Tariff FCC No. 1 ⁴
Verizon Telephone Companies	Transmittal No. 327	Tariff FCC Nos. 1, 11, 14 and 16
Verizon Telephone Companies	Transmittal No. 328	Tariff FCC Nos. 1, 11, 14, 16 and 20 ⁵

Non-Price Cap ILECs

Alliance Communications Cooperative	Transmittal No. 2	Tariff FCC Nos. 1&2
ALLTEL Telephone System	Transmittal No. 125	Tariff FCC No. 1 ⁶
ASC of Anchorage	Transmittal No. 20	Tariff FCC No. 1

¹ ALLTEL's Tariff FCC No. 3 is subject to price cap regulation.

² Century's Tariff FCC Nos. 2 & 3 are subject to price cap regulation.

³ Qwest's USF & Promotion filing.

⁴ Valor's USF filing.

⁵ Verizon's USF filing.

⁶ ALLTEL's Tariff FCC No.1 is subject to rate-of-return regulation.

Blue Earth Valley Telephone Company	Transmittal No. 6	Tariff FCC No. 1
The Champaign Telephone Company No. 1	Transmittal No. 5	Tariff FCC
CenturyTel Operating Companies	Transmittal No. 30	Tariff FCC No. 1 ⁷
Chariton Valley Telephone Corporation	Transmittal No. 9	Tariff FCC No. 1
Chillicothe Telephone Company	Transmittal No. 74	Tariff FCC No. 1
City of Brookings Municipal Telephone	Transmittal No. 16	Tariff FCC No. 1
Columbus Telephone Company	Transmittal No. 5	Tariff FCC No. 1
Contoocook Valley Telephone Company	Transmittal No. 13	Tariff FCC No. 1
Dalton Telephone Company	Transmittal No. 1	Tariff FCC No. 1
Dunkirk and Fredonia Telephone Co.	Transmittal No. 31	Tariff FCC No. 2
East Ascension Telephone Company	Transmittal No. 7	Tariff FCC No. 1
Easton Telephone Company	Transmittal No. 5	Tariff FCC No. 1
Eckles Telephone Company	Transmittal No. 5	Tariff FCC No.1
Etex Telephone Cooperative	Transmittal No. 9	Tariff FCC no. 1
Fidelity Telephone Company	Transmittal No.14	Tariff FCC No. 1
Geneseo Telephone Company	Transmittal No. 7	Tariff FCC No. 1
Great Plains Communications	Transmittal No. 78	Tariff FCC No. 3
Gridley Telephone Company	Transmittal No. 10	Tariff FCC No. 1
GVNW Inc./ Management	Transmittal No. 192	Tariff FCC No. 2
Harrisonville Telephone Company	Transmittal No. 31	Tariff FCC No. 2
Hills Telephone Company	Transmittal No. 5	Tariff FCC No. 1
ICORE No. 2	Transmittal No. 52	Tariff FCC
Illinois Consolidated Telephone Company	Transmittal No. 118	Tariff FCC No. 2
James Valley Cooperative Telephone Co.	Transmittal No. 5	Tariff FCC No. 1
John Staurulakis, Inc. (JSI)	Transmittal No. 84	Tariff FCC No. 1
Kiesling Associates LLP	Transmittal No. 1	Tariff FCC No. 1
Leaf River Telephone Company	Transmittal No. 7	Tariff FCC No. 1
Lexcom Telephone Company	Transmittal No. 9	Tariff FCC No. 1
McCook Cooperative Telephone Co.	Transmittal No. 4	Tariff FCC No. 1
Midstate Communications	Transmittal No. 2	Tariff FCC No. 1
Minnesota Lake Telephone Company	Transmittal No.5	Tariff FCC No. 1
Montrose Mutual Telephone Company	Transmittal No. 2	Tariff FCC No. 1
Moultrie Independent Telephone Co.	Transmittal No. 15	Tariff FCC No. 1
National Exchange Carrier Association	Transmittal No. 988	Tariff FCC No. 5
Shell Rock Telephone Company	Transmittal No. 5	Tariff FCC No. 1
Sioux Valley Telephone Company	Transmittal No. 5	Tariff FCC No.1
Smithville Telephone Company	Transmittal No. 6	Tariff FCC No. 1
South Central Telephone Assn. (OK)	Transmittal No. 12	Tariff FCC No. 1
Southern Kansas Telephone Company	Transmittal No. 14	Tariff FCC No. 1
Tri-County Telephone Association	Transmittal No. 9	Tariff FCC No. 1

⁷ Century's Tariff FCC No.1 is subject to rate-of-return regulation.

Union Telephone Company	Transmittal No. 74	Tariff FCC No. 2
United Telephone Association	Transmittal No. 1	Tariff FCC No. 1
Virgin Islands Telephone Corp.	Transmittal No. 51	Tariff FCC No. 1

Issued: June 20, 2003**Non-Price Cap ILECs**

South Central Telephone Assn. (Kansas)	Transmittal No. 13	Tariff FCC No. 1
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Issued: June 24, 2003**Non-Price Cap ILECs**

Beehive Telephone Companies	Transmittal No. 25	Tariff FCC No. 1
Roseville Telephone Company	Transmittal No. 100	Tariff FCC No. 1
Smart City Telecommunications	Transmittal No. 13	Tariff FCC No. 1

Issued: June 26, 2003**Price Cap ILECs**

Bell South Telecommunications, Inc.	Transmittal No. 727	Tariff FCC No. 1
Valor Telecommunications Enterprises	Transmittal No. 32	Tariff FCC No. 1

Non-Price Cap ILECs

Beehive Telephone Companies	Transmittal No. 26	Tariff FCC No. 1
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Issued: June 27, 2003**Price Cap ILECs**

CenturyTel Operating Companies	Transmittal No. 31	Tariff FCC Nos. 2&3
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Non-Price Cap ILECs

Smart City Telecommunications	Transmittal No. 14	Tariff FCC No. 1
Southern Kansas Telephone Company	Transmittal No. 15	Tariff FCC No. 1
United Telephone Association	Transmittal No. 2	Tariff FCC No. 1

Issued: June 30, 2003**Non-Price Cap ILECs**

John Staurulakis, Inc.	Transmittal No. 85	Tariff FCC No. 1
National Exchange Carrier Association	Transmittal No. 990	Tariff FCC No. 5