

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

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

**Reply Comments of  
The Small Company Coalition**

**I. INTRODUCTION AND SUMMARY**

The Small Company Coalition (SCC) files these reply comments in response to the Notice of Proposed Rulemaking issued in the above-captioned proceeding.<sup>1</sup>

The SCC is an alliance of rural telecommunications and broadband providers as well as supporting vendor companies formed to educate and empower small rural communications carriers. The SCC strives to ensure that the voice of small companies is heard by those who have a genuine interest in protecting and enhancing the communication service needs of rural Americans.

In its initial comments, the SCC urged the Commission to adopt a permissive deregulation and detariffing approach to certain interstate telephone access charges (TACs), if any action is necessary at all. A significant number of parties agree that mandatory deregulation and detariffing of TACs at this time is not necessary, many of which echo the points the SCC made in its initial comments.

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<sup>1</sup> *In the Matter of Eliminating Ex Ante Pricing Regulation and Tariffing of Telephone Access Charges*, Notice of Proposed Rulemaking, WC Docket No. 20-71 (FCC 20-40, rel. April 1, 2020) (*NPRM*)

## **II. THE RECORD IS CLEAR – TAC DEREGULATION IS NOT WARRANTED AT THIS TIME**

Numerous parties questioned the need for the extreme steps the Commission proposes to take in the NPRM. The Nebraska Public Service Commission (NPSC) stated “it did not have a single complaint about the SLC charge (or any of the other federal access recovery charges) recorded over the last year. Perhaps this is due to the fact that the SLC charge has been on the bill and unchanged for several decades.”<sup>2</sup> The Multi-State RLEC Group claims the “NPRM appears to be based on a series of questionable premises such as, for example, that consumers would benefit from the detariffing and that carriers have sufficient pricing flexibility to implement the proposed detariffing.”<sup>3</sup> WTA adds to the argument by stating it “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”).”<sup>4</sup> There are numerous comments of a similar nature, but the narrative is clear – the proposed detariffing and deregulation of TACs is not supported by any need to clarify customer bills or clear up any confusion.

Also of concern is the effect on rural rate-of-return regulated carriers if recovery of costs related to, for example, subscriber line charges (SLCs) and Access Recovery Charges (ARCs) is forced to the intrastate jurisdiction. Perhaps nowhere is this point made clearer than in the Kansas RLECs comments, which included the following statement: “If the Commission were to eliminate ex ante pricing regulation and tariffing or telephone access charges it would be devastating to

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<sup>2</sup> Nebraska Public Service Commission Comments at 2

<sup>3</sup> Multi-State RLEC Group Comments at 4

<sup>4</sup> WTA Comments at 1

Kansas RLECs.”<sup>5</sup> The SCC used Kansas as an example in its initial comments of a state in which, due to current laws and regulations, carriers affected by the Commission’s proposals would find it difficult, if not impossible, to react the way the Commission foresees – a local rate increase with little trouble involved. The California Public Utilities Commission weighs in on behalf of the RoR regulated carriers under its jurisdiction stating that “the detariffing proposal will cause considerable burden on the carriers and on the state to implement detariffing if forbearance is granted.”<sup>6</sup>

The above comments clearly demonstrate that, at best, the Commission’s proposal to deregulate and detariff certain TACs is premature, and at worst will irreparably harm carriers currently bringing vital services to high cost areas no other provider is willing to serve. The SCC made this point in its initial comments, and other comments filed only serve to stress this point.

### **III. ANY DEREGULATION AND DETARIFFING OF TACs MUST BE PERMISSIVE**

The SCC urged the Commission to adopt its proposed TAC deregulation and detariffing regime on a permissive basis, if any change is necessary at all. A number of commenters agree with this assessment, including NTCA “[m]andatory detariffing would introduce unnecessary complexity and create a number of uncertainties regarding how, and even whether, carriers can recover these interstate costs”<sup>7</sup> and “unexpectedly cutting revenues while providing no reasonable assurance of the ability to offset these losses through increased intrastate rates risks reintroducing the uncertainty this Commission has gone to great lengths to dispel.”<sup>8</sup> USTelecom also supports a permissive tariffing regime and asks the Commission to allow RoR ILECs to permissively detariff

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<sup>5</sup> Kansas Rural Local Exchange Carriers Comments at 1

<sup>6</sup> California PUC Comments at 2

<sup>7</sup> NTCA Comments at 2

<sup>8</sup> *Id.* at 3

due to, among other reasons, “the current federal-state interplay for telephone rate regulation, it is likely that many carriers would not be able to recover the full interstate charge via the intrastate retail rate (to say nothing of the potential Part 36 separations issues this would create), which would leave them faced with the prospect of insufficient funding to maintain operations.”<sup>9</sup>

Even supporters of the Commission’s proposed end to *ex ante* regulation of TACs, such as Windstream, recommend any changes be permissive only.<sup>10</sup> WTA goes further, warning that “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.”<sup>11</sup> The SCC agrees, and while the Commission’s continued push to reduce regulation on small carriers is appreciated, in the case of ending *ex ante* regulation of TACs such action is not necessary and is, at best, premature.

## **CONCLUSION**

The record generated thus far in this proceeding demonstrates that there is little appetite for the deregulation and detariffing of TACs as the Commission contemplates in the *NPRM*. There is no demonstrable customer need related to this proposed new treatment of TACs, and the companies most affected – RoR regulated ILECs – also show little desire for such a step. As a result, the SCC repeats its recommendation that any changes to the regulation and tariffing of TACs be permissive in nature only.

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<sup>9</sup> USTelecom Comments at 13

<sup>10</sup> Windstream Comments at 6

<sup>11</sup> WTA Comments at 16

Respectfully Submitted,

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