

Agenda Date: December 23, 2008
Item Number: A3

Docket: UT-081973
Company: Qwest Corporation

Staff: Sharyn Bate, Regulatory Analyst
William Weinman, Assistant Director - Telecommunications

Recommendation

Take no action, thereby allowing Qwest Corporation's revision to Section 2 of its Access Service Tariff to become effective on January 1, 2009, by operation of law.

Background

On October 31, 2008, Qwest Corporation (Qwest or company) filed proposed revisions to modify the Jurisdictional Report Requirements of its Access Service Tariff for the purpose of ensuring accurate jurisdictional reporting and reducing misuse of jurisdictional reporting. Qwest proposed to modify the Jurisdictional Report Requirements in Section 2 of its Access Service Tariff by establishing a Percent Interstate Usage (PIU) floor for unidentified Feature Group D (FGD) terminating traffic as described below.

When Qwest receives sufficient call detail to identify the jurisdiction of terminating FGD traffic it receives from other carriers, the company will continue to charge the carrier at the appropriate jurisdictional rate (Washington or interstate rate).

Under its proposed tariff revision, when Qwest receives terminating FGD traffic that does not contain sufficient call detail to identify the jurisdiction (unidentified traffic), the traffic will be assigned jurisdiction as follows:

- The first 3 percent of unidentified terminating traffic will continue to be jurisdictionally assigned based on the carrier's PIU report or, if the carrier has not filed a PIU report, a PIU of 50 (50 percent interstate – 50 percent intrastate) will be assigned according to the current terms in Section 2.3.10.B.2.c.
- Unidentified traffic in excess of the 3 percent floor will be designated as intrastate traffic and charged at Qwest's current Washington rates.

Qwest provided notice to its access customers, i.e., other carriers, advising of the proposed revision to the tariff. While Washington's PIU percentage would be at 3 percent, Qwest has proposed different and higher percentages in other states within its service territory.

On November 14, 2008, AT&T Communications of the Pacific Northwest, Inc., TCG Oregon, Inc. and TCG Seattle, Inc. (collectively AT&T) filed an objection with the commission stating that Qwest's proposed 3 percent floor was too low. The companies also noted that the tariff

revisions lacked any mechanism through which access customers may challenge the application of incorrect intrastate rates above the 3 percent PIU floor.

Qwest and AT&T reached agreement that the PIU floor would be set at 5 percent. Qwest filed replacement pages to its tariff to reflect the compromise. The replacement included language that states the mechanism by which customers may challenge the application of an intrastate rate. It reads as follows:

In the event that the Company applies the intrastate terminating access rate to calls without sufficient call detail as provided in this tariff, the customer will have the opportunity to request backup documentation regarding the Company's basis for such application, and further request that the Company change the application of the intrastate access rate upon a showing of why the intrastate rate should not be applied.

Level 3 Communications, LLC (Level 3) filed an objection on November 21, 2008, which was later withdrawn after it determined that Qwest's proposed tariff revision would not have a significant adverse financial impact on Level 3.

On December 2, 2008, MCI Communications Services, Inc. d/b/a Verizon Business Services (Verizon Business) filed an objection to the proposed tariff revision stating that it would result in a higher percentage of traffic being billed at the intrastate rates, which are greater than interstate access charges. Verizon Business asserts the change would increase the amounts it is billed.

Verizon Business also asserts Qwest did not demonstrate the existence or nature of the problem the tariff revision purports to address or explain why its proposed solution would be appropriate. Verizon Business questions how the new jurisdictional reporting mechanism would be implemented and what mechanism would be in place to enable carriers to resolve questions of call originating information. The company maintains the language Qwest added did not provide specific detail for how disputes would be resolved.

We note that on September 28, 2007, Verizon Northwest Inc. (Verizon) filed a tariff revision that set a floor for their unidentified traffic at 7 percent (with a 2 percent grace threshold) for terminating minutes lacking originating numbers for all switched access customers. Receiving no complaints from access customers, the commission let the tariff change become effective date of October 28, 2007.

Due to the objections filed by interexchange carriers (IXCs), Qwest has extended the effective date for the tariff revision filing from December 1, 2008, to December 15, 2008. The company subsequently requested an effective date for January 1, 2009. This allowed time to resolve issues with AT&T and Level 3. Qwest has not been able to reach agreement with Verizon Business

Discussion

Qwest proposes to apply the PIU threshold to terminating FGD traffic by Local Access and Transport Area (LATA) trunk group. The original filing at the 3 percent threshold would have increased Qwest's access revenues by \$255,000. The subsequent filing increasing the threshold to 5 percent reduces the anticipated revenues to approximately \$89,000. The unidentified minutes of use (MOU) exceeding the 5 percent threshold is approximately .20 percent of the total MOU studied. The majority of IXC's will not exceed the threshold floor.

Staff agrees Qwest's tariff is appropriate. The company has provided sufficient cost analysis that determines that the PIU floor of 5 percent is reasonable. Of thirteen FGD interexchange carriers, five carriers indicate non-jurisdictional percentages higher than 5 percent. Qwest has 38 Intrastate terminating FGD trunk groups in Washington and nine show percentages above the 5 percent floor. Verizon Business has 7 of those 38 terminating FGD trunk groups. If Verizon Business placed orders with Qwest to consolidate its trunk groups, this company's terminating FGD traffic would be under the 5 percent threshold. Additionally, IXC's are encouraged to identify and send the originating number to Qwest for application of the appropriate access tariff for billing purposes.

Conclusion

Staff agrees that Qwest Corporation's proposed revision to its access tariff is reasonable and recommends that the commission take no action, thereby allowing Qwest Corporation's revision to Section 2 of its Access Service Tariff in Docket UT-081973 to become effective on January 1, 2009, by operation of law.