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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION OF INTRASTATE PRESUBSCRIBED INTEREXCHANGE CARRIER (LPIC) CHANGE CHARGES	**CASE NO.: GNR-T-05-1** **COMMENTS OF QWEST CORPORATION**

Qwest Corporation (Qwest), by and through its undersigned attorneys, and pursuant to Order No. 29759, provides these comments concerning possible changes to the IntraLATA Presubscribed Interexchange Carrier (LPIC) Change charges.

I. BACKGROUND

On March 28, 2005, the Commission issued a Notice of Investigation and Notice of Modified Procedure, Order No. 29743, to investigate whether the LPIC change charges established by the Commission should coincide with the interstate PIC change charges established by the Federal Communications Commission (FCC). In the interstate jurisdiction, Presubscribed Interexchange Carrier (PIC) change charges are imposed by local exchange carriers (LECs) on their end use customers when those customers change their presubscribed interexchange carrier (IXC). These PIC change charges are contained in the LEC's federal tariff.

In its report and order[1] released earlier this year, the FCC required incumbent LECs to adopt separate PIC change charges for changes that are processed electronically and those that are made manually. The FCC adopted a safe harbor of $1.25 for electronically processed changes and $5.50 for manual changes. The FCC also required that when a customer changes its PIC at the same time it changes its intraLATA presubscribed interexchange carrier (LPIC), incumbent LECs may assess only half of the federally tariffed PIC change charge. Under that circumstance, the incumbent LEC is left to recover the remaining costs of making the change from the intrastate jurisdiction. The FCC ordered incumbent LECs to file revised federal tariffs by April 14, 2005.

The Commission's Order No. 29743 notes that it "has not formally established a safe harbor rate for LPIC change charges" but that it has "a precedent of approving a rate that is within the FCC's safe harbor or $5.00." Under its existing tariff and catalog provisions, Qwest charges $5.00 to process a change to the LPIC. If a customer were to request simultaneous changes of both the PIC and the LPIC, Qwest's tariff and catalog refers to the FCC tariff and imposes a single charge at the level permitted under the interstate tariff.[2] However, once the new rates for interstate PIC change charges become effective,[3] Qwest will not be permitted to

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1 *Presubscribed Interexchange Carrier Charges,* WC Docket No. 02-53, Report and Order, FCC 05-32 (rel. Feb. 17, 2005) ("*PIC Change Charge Order*").

2 Qwest's Access Service Tariff for its operations in northern Idaho provides in Section 12.3.3.B.1.e "when end users or PSPs simultaneously choose or change an intraLATA and interLATA primary IC, only the PIC change charge from F.C.C. No., Section 13 will apply." Qwest's Access Service Catalog pertaining its southern Idaho operations contains the same language in Section 12.3.3.B.1.e.

3 FCC extended the date on which carriers must file revised tariffs to October 17, 2005. The revised tariff would become effective November 1, 2005.

recover more than fifty percent of the interstate tariff amount from the interstate jurisdiction. Without a change to the Idaho tariff and catalog provisions, Qwest will be left with only half the compensation it would receive for processing a change to the PIC on a standalone basis. However, the issues associated with implementing the required changes at both the interstate and intrastate levels are as much a concern as the total level of compensation.

On April 5, 2005, Qwest met with representatives of the Wireline Competition Bureau of the FCC to discuss Qwest's concerns with the implementation of the FCC's *PIC Change Charge Order*. In response to the requests of Qwest and other several industry participants, on April 8, 2005, the FCC issued on order extending the date for filing tariffs in compliance with the *PIC Change Charge Order* to October 17, 2005.

II. <u>IMPLEMENTATION CONCERNS WITH FCC ORDERED CHANGE</u>

Implementation of the FCC's *PIC Change Charge Order* as it pertains to charges in the interstate jurisdiction requires that Qwest change billing and ordering systems, redesign internal processes, conduct testing and employee training, and coordinate federal tariff changes. It is because of these difficulties that the FCC granted an extension of the compliance deadline to October of this year. The following provides an overview of the kinds of steps Qwest must make to comply with the FCC order.

The Customer Record Information System (CRIS) acts as the billing system and account database for millions of Qwest customers. It has three regional platforms that relate back to the original bell operating companies, i.e., Pacific Northwest Bell, Mountain Bell, and Northwestern Bell. Each of these platforms has different structures, requiring different implementation solutions and all have been built with the assumption that one PIC charge would apply without regard to whether the change was made manually or electronically. To modify the system to address the FCC's two-tiered pricing, a new field identifier ("FID") must be created in addition to the existing PIC Universal Service Order Codes ("USOCs"). These FIDs will be used to indicate whether a service order is manual or electronic. Adding new FIDs to each regional platform requires extensive IT coding and assessment.

In addition to CRIS, Qwest must also modify the Regional Subscription System (RSS), which is the primary subscription and account database used for electronic business-to-business commerce between the IXCs and Qwest. Qwest will be required to modify rates in its Billing and Receivables Tracking (BART) carrier billing system to apply electronic charges for RSS-submitted orders. On the other hand, Qwest will also have to uniquely identify orders that are submitted from the Carrier Service Bureau (CBS) to apply manual rates. To successfully implement this change to the rate structure, new programming logic will have to be created and tested to meet the new requirement that manual and electronic changes will produce different charges.

Making the necessary changes to the Qwest system will be time-consuming and involve multiple layers of testing and internal certification. Training materials must be prepared and customer service representatives working in all segments of the business must be trained to properly operate the systems in light of the new PIC change charge structure.

As Qwest will discuss in more detail in the following section, the implementation procedures described here will become even more burdensome if the FCC does not reconsider its "fifty percent rule" i.e., the provision that the LECs may only charge fifty percent of the federally tariffed rate (whether manual or electronic) when customers simultaneously change both their PIC and LPIC. This provision will require additional changes to billing systems and processes apart from those necessary to make the interstate rate structure change and will require wholesale replacement of state tariffs.

III. <u>RECONSIDERATION OF THE FIFTY PERCENT RULE</u>

On April 14, 2005, Qwest filed a Petition for Reconsideration of the FCC's *PIC Change Charge Order*. In its petition Qwest asked that the FCC modify its Order to abandon the policy of splitting the federal rate in half where simultaneous PIC and LPIC changes are requested. Under the Qwest proposal, the requirement that state regulators establish individual cost-recovery mechanisms to cover the intrastate portion of the costs would be eliminated. This change would allow state tariffs to continue to reference the federal rate in situations in which the customer simultaneously requests a change to both the PIC and the LPIC.

Modification of the *PIC Change Charge Order* in the manner suggested by Qwest will achieve the FCC's objectives but impose fewer administrative costs and regulatory burdens for affected companies, including Qwest. Under this proposal Qwest would not be required to further modify its billing systems to levy a state-specific charge. Training for customer service employees could be streamlined if separate state charges will not be levied when there is a simultaneous PIC/LPIC change. In addition, Qwest and others will avoid the need to change their intrastate tariffs and catalog provisions, which currently refer to the federal charge.

Qwest's recommendation in its FCC petition would establish an efficient policy that would maintain federal rates for federal PIC changes and state rates for LPIC changes. Furthermore, for rate-regulated LECs this Commission maintains jurisdiction over whether there should be an increased or different charge to cover the intrastate costs associated with a simultaneous PIC/LPIC change. Qwest's methodology would accomplish the federal regulatory objective of preventing over-recovery of LEC costs while preventing the excessive expense that the current FCC order would create.

This Commission has also requested that ILECs supply information on the actual usage of electronic processing for PIC/LPIC changes. While Qwest does not have Idaho-specific numbers, Qwest estimates the volume of electronic requests to be almost 20% of all requested PIC/LPIC changes.

IV. RECOMMENDATION

These comments have focused on the status of the PIC/LPIC change charge issue at the interstate level. While the FCC will ultimately decide whether to abandon its fifty percent rule, Qwest believes it is beneficial for this Commission to understand Qwest's position on this FCC policy change because of its effect on the intrastate jurisdiction. As noted the FCC has granted an extension of the compliance date for its order to allow the affected companies to modify their billings and other internal systems, train their employees and amend their interstate tariffs. Qwest is hopeful that in this interim period the FCC will also grant its Petition for Reconsideration.

In the meantime, Qwest respectfully requests that this Commission refrain from requiring any changes to intrastate tariffs and catalogs until the FCC grants or denies Qwest's petition. Qwest further recommends that the Commission grant affected LECs a reasonable period of time to implement any changes to their billing and other internal systems that may be required in the event that separate state and federal PIC/LPIC charges are required in those cases where customers simultaneously change their inter- and intrastate carriers.

Respectfully submitted this 18th day of May, 2005.

Qwest Corporation

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Qwest

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CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of May, 2005, I served the foregoing **COMMENTS OF QWEST CORPORATION** upon all parties of record in this matter as follows:

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