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APRIL 6, 2016

## SPECIAL BULLETIN

### Reminder—Local Rate Floor

*Pursuant to the FCC's revised residential local rate floor transition schedule, the minimum local rate necessary to receive full HCLS increases this year, as of July 1, 2016, to \$18.00 from the current \$16.00 level.*

*Rates must be effective on or before June 1, 2016 in order to be considered.*

In the 2011 *Transformation Order*, the FCC adopted a floor for residential local rates that reduces federal support for any rates below the floor. Subsequent to the *Transformation Order*, the FCC delayed full implementation of the local rate floor rule over a period of time. As a result, the local rate floor has been essentially frozen at \$16.00 even though data gathered by the Wireline Competition Bureau currently supports a rate floor of \$21.93 (Special Bulletin forthcoming).

Beginning July 1, 2016, the residential local rate floor begins its transition by increasing to \$18.00. The \$18.00 includes the monthly local rate plus state regulated fees (state SLC, per-line state USF charge, mandatory EAS). For rates below the floor, the HCLS will be reduced on per-line, dollar-for-dollar basis.

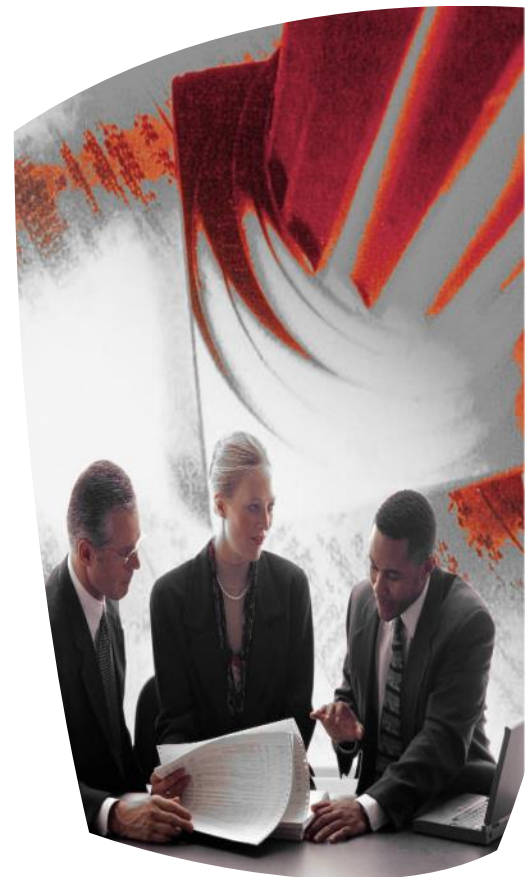
The remainder of the local rate floor transition is as follows: \$20.00 as of 7/1/2017, and the full rate floor as of 7/1/2018.

The “measurement date” for residential local rates is June 1, 2016, meaning rates have to be effective on or before that date in order to count for the July rate floor increase. Thus, carriers planning on raising rates in light of the new rate floor should do so with the June 1 effective date in mind, and make any necessary filings with the state commission or other governmental entity with sufficient lead time to ensure the rates are approved prior to June 1.

If you have any questions, please let us know.

#### Local Measured Service?

*The amount used in the local rate determination shall be calculated by adding the basic rate for local service plus the additional charges incurred for measured service, using the mean number of minutes or message units for all customers subscribing to that rate plan multiplied by the applicable rate per minute or message unit. The local service rate includes additional charges for measured service only to the extent that the average number of units used by subscribers to that rate plan exceeds the number of units that are included in the plan. Where measured service plans have multiple rates for additional units, such as peak and off-peak rates, the calculation should reflect the average number of units that subscribers to the rate plan pay at each rate.*



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Questions? Comments?  
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