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SPECIAL BULLETIN

Federal Local Rate Floor *FCC Decision*

Residential Local Rate Floor Freeze

At the FCC’s Open Meeting today, the Commission decided, on a 2-1 vote with Commissioner Clyburn dissenting, to freeze the residential local rate floor at \$18 for two years (or until action is taken on the accompanying NPRM). This means the next step in the transition adopted by the FCC in its 2014 “CAF Omnibus Order” to \$20 (including certain state regulated fees) **will not occur as scheduled** (rates effective June 1, 2017).

While generally good news for RoR RLECs, the timing of the FCC’s decision could prove somewhat problematic. Most companies opting to raise the residential local rates to reach the \$20 floor have already taken steps to do so—customer notices, tariff filings, and other actions. Thus, in most cases, these efforts will have to be undone, eliminated, reversed, or halted. Please contact your state regulatory counsel as to the steps, if any, that need to be taken in reaction to the FCC’s decision.

Finally, since the local rate floor rule is still in place, we expect the annual reporting required by this rule to continue for this year.

Notice of Proposed Rulemaking

In addition to the Order, the FCC adopted a Notice of Proposed Rulemaking (NPRM) seeking comment on revising or eliminating the local rate floor in its entirety. As a reminder, for rates effective 6/1/2018, the residential local rate floor would otherwise be established at a level determined annually by the Wireline Competition Bureau based on nationwide average urban rates. For comparison purposes, the rate announced by the Bureau for 2017 was \$22.49.

Please let us know if you have any questions.



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Questions? Comments?

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