

# Telecommunications Support Mechanisms

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# Support Mechanisms

- What kinds are there?
- How funded?
- Relative magnitude?
- What do they pay for?

# United Utilities, Inc.

## Main Sources of Revenue:

### ACCESS RELATED SUPPORT:

Interstate Common Line Support: \$1.5 M  
Federal Switching Support: \$.86 M

\$

### LOCAL RELATED SUPPORT:

Federal High Cost Loop Support: \$1.5 M  
Federal Safety Valve Support: \$.022 M  
State Switching Support: \$1.8 M

\$

### LIFELINE & LINK UP RELATED SUPPORT:

State portion: \$.1 M  
Interstate portion: \$.6 M

\$

### REVENUES from CONSUMERS:

Local: \$2.3 M  
State NAF: \$.14 M  
Federal SLC: \$.52 M

\$

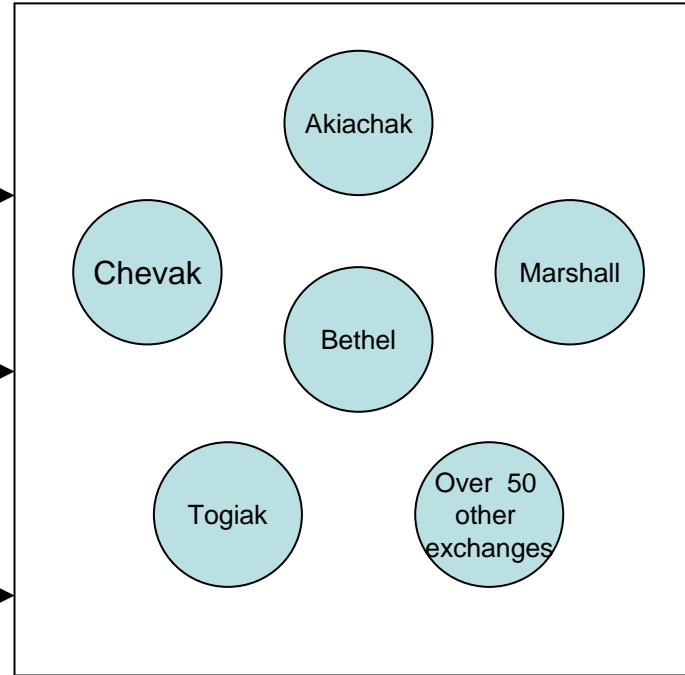
\$

### REVENUES from IXC:

State Access - \$3.4 M  
Interstate Access Rates - \$6.4 M  
(may include support dollars)

### UNREGULATED & OTHER: ?

\$



# United Utilities, Inc.

## Main Sources of Revenue (2005):

### ACCESS RELATED SUPPORT:

Interstate Common Line Support: \$16/line  
Federal Switching Support: \$9/line

\$

### LOCAL RELATED SUPPORT:

Federal High Cost Loop Support: \$15/line  
Federal Safety Valve Support: \$.24/line  
State Switching Support: \$18/line

\$

### LIFELINE & LINK UP RELATED SUPPORT:

State portion: \$3.50/Lifeline  
Interstate portion: \$15/Lifeline

\$

### REVENUES from CONSUMERS:

Residential: \$19.23/line  
Business: \$34.00/line  
State NAF: \$1.50  
Federal SLC: \$6.50

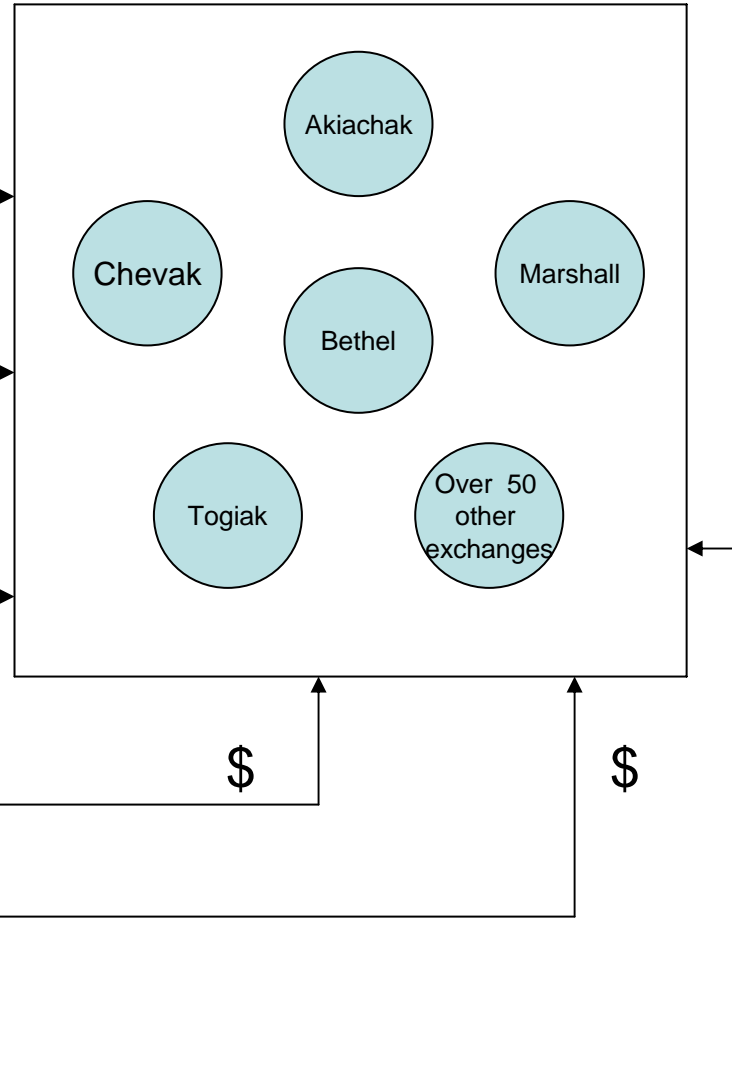
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### REVENUES from IXC:

State Access - \$20-\$40/line  
Interstate Access Rates - \$40 - \$65/line

UNREGULATED & OTHER: ???

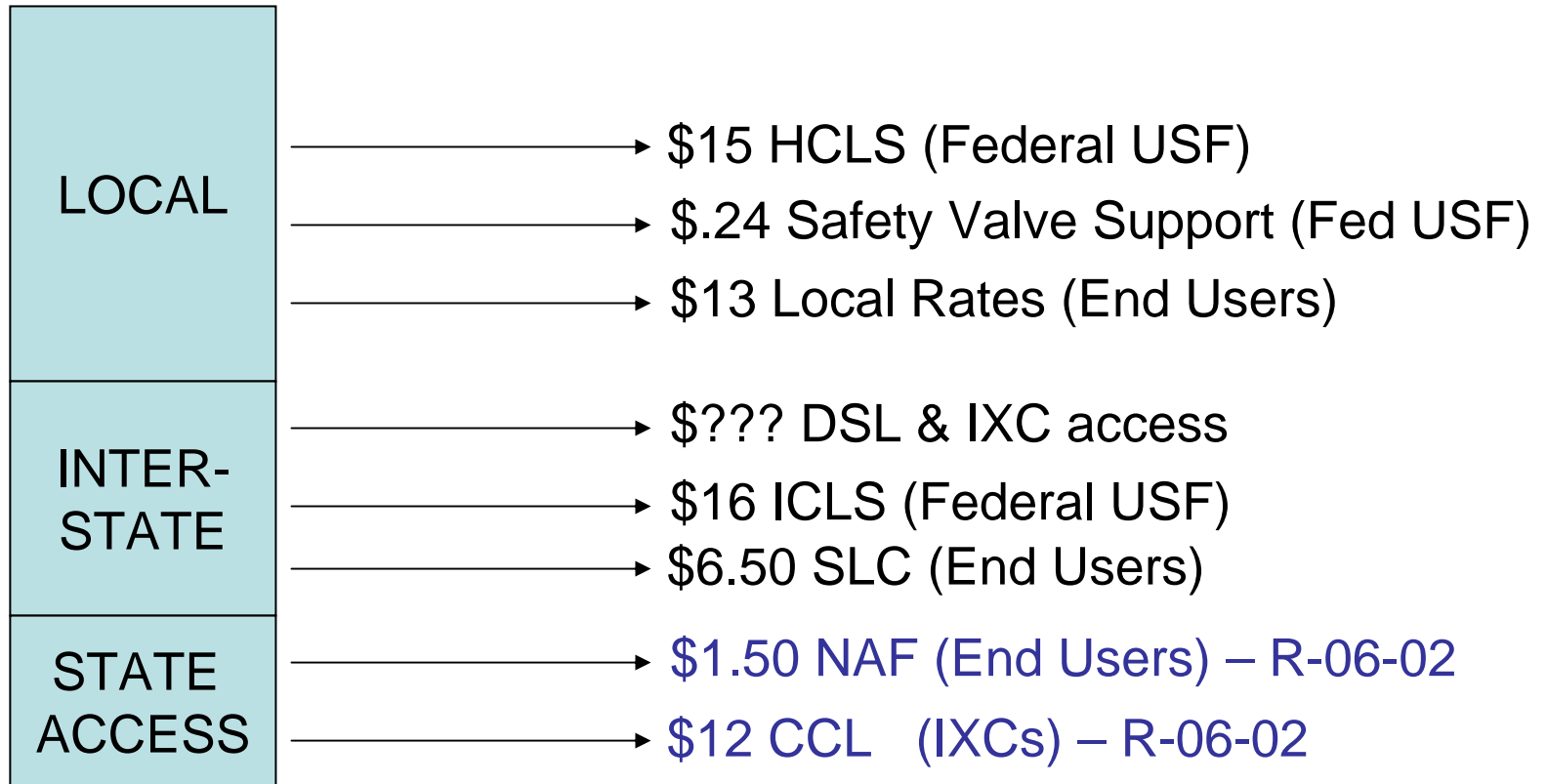


# Rural Support Mechanisms

Name of Support	Basis	Source \$	Benefits	Notes	Reference
State Local Switching	Switching Costs	State USF	Effectively reduces local rates	Available to ILECs with study areas of 20,000 or less lines.	3 AAC 48.430(e)
High Cost Loop Support (HCLS)	Loop Costs	Federal USF	Local Rates	Support is calculated based on Unseparated Revenue requirement (URR) for loop compared to a national average cost benchmark.	47 CFR 36.601 - 631
Safety Net Additive Support	Loop Costs	Federal USF	Local Rates	Available to Rural LECs whose Total Plant in Service increased by over 14% in one year.	47 CFR 36.605
Safety Valve Support	Loop Costs	Federal USF	Local Rates	Available for certain new investment in infrastructure made in an acquired exchange.	47 CFR 54.305(d)-(f).
Interstate Common Line Support (CLS)	Loop Costs	Federal USF	Interstate Access	Allows for a reduced interstate SLC and phase out of IXC paid common line fees.	47 CFR 54.901-904; SLC caps: 47 CFR 69.104(n) and (o).
Interstate Local Switching (LSS)	Switching Costs	Federal USF	Allocated to Interstate; but Effectively reduces local rates	Available to ILECs with study areas of less than 50,000 lines.	47 CFR 36.125; 47 CFR 54.301

# Uses of Support (Rural LECs)

## LOOP RELATED SUPPORT

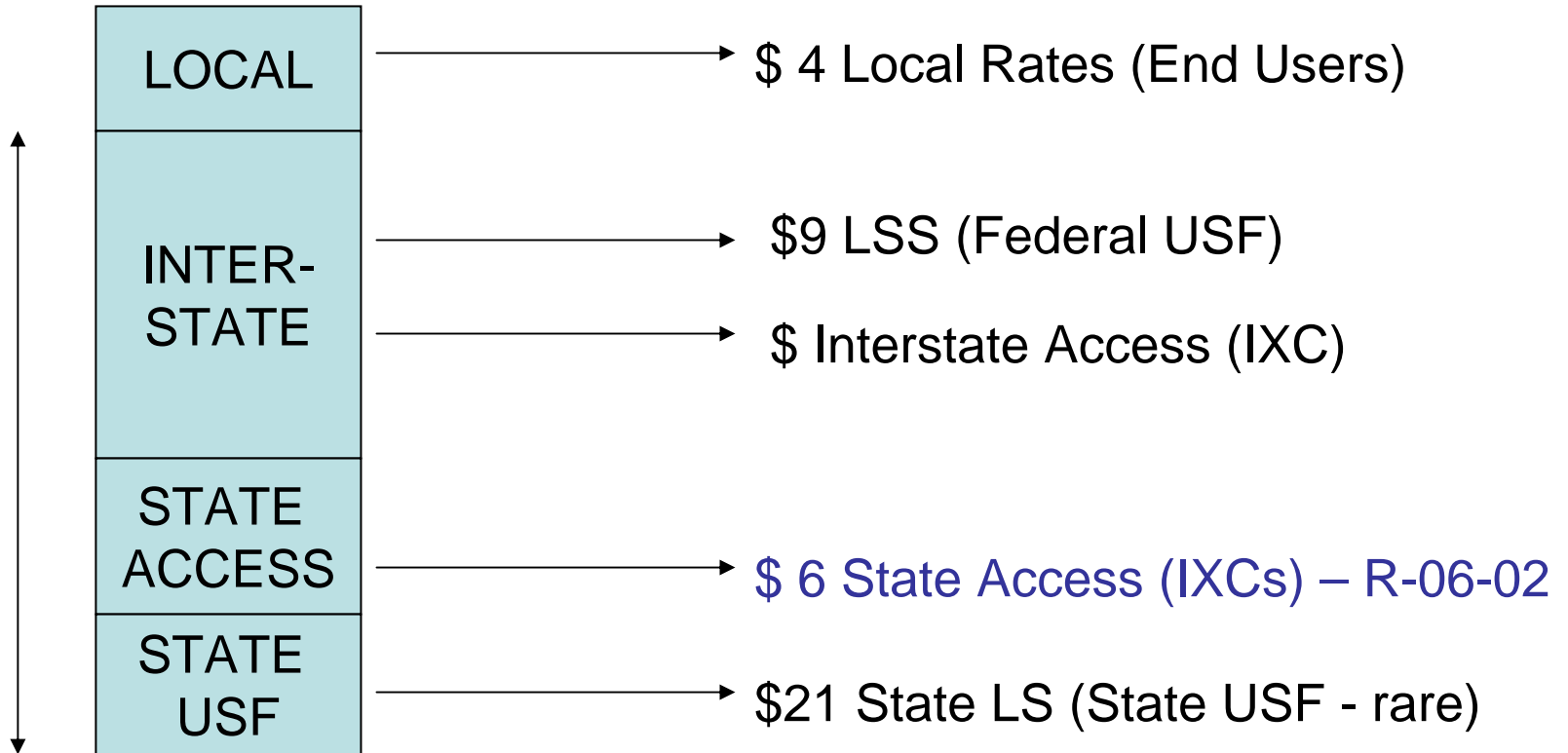


HCLS – High Cost Loop Support;  
SLC – Subscriber Line Charge;  
CCL – Carrier Common Line

ICLS – Interstate Common Line Support  
NAF – Network Access Fee;

# Uses of Support (Rural LECs)

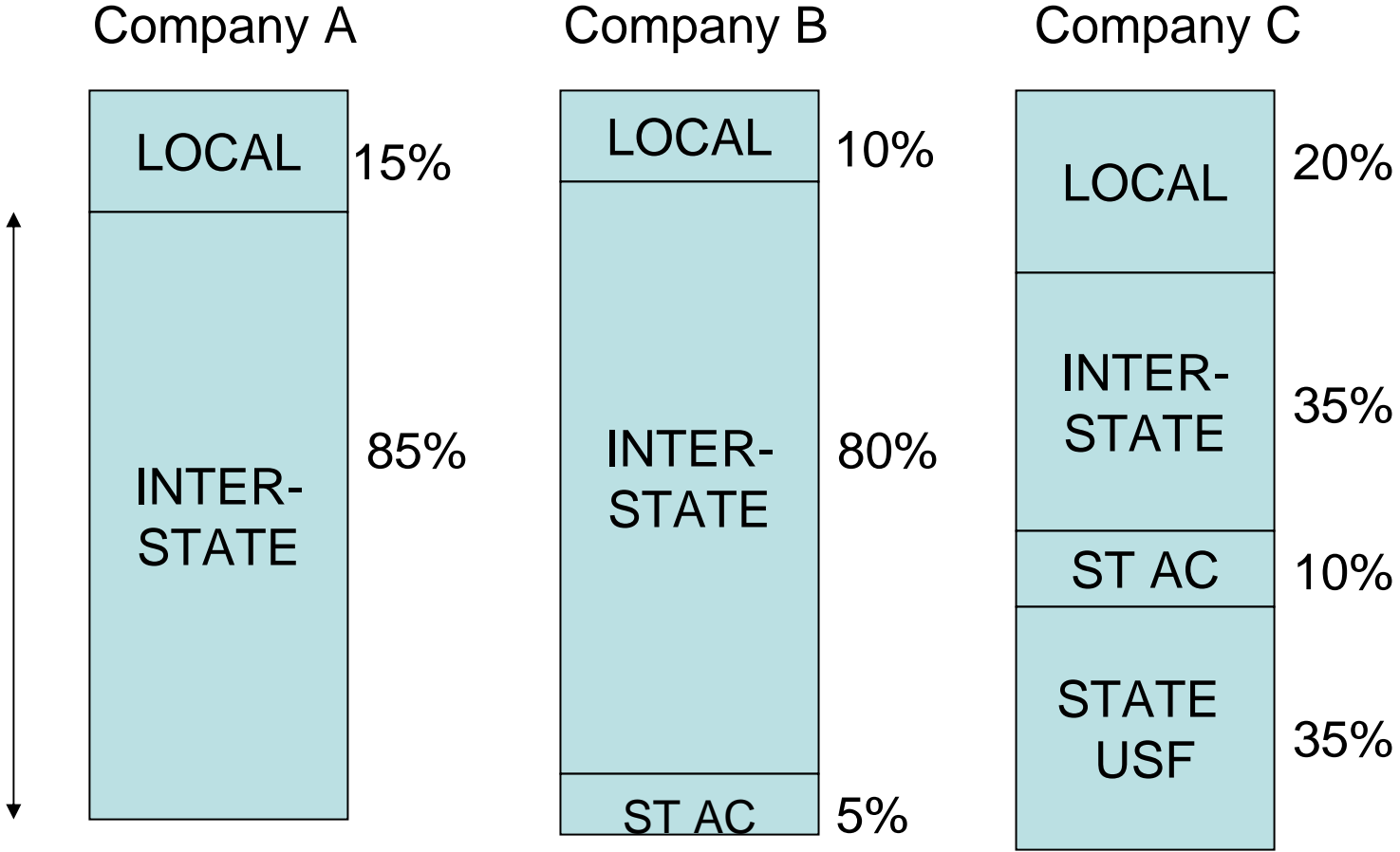
## SWITCHING RELATED SUPPORT



85 Interstate CAP  
85-90% State CAP

LSS – Local Switching Support  
LS – Local Switching

# SWITCHING COST ALLOCATION



85 IS CAP  
85 -90% ST CAP



# Switching Caps

- Interstate Imposed – 85% cap  
Interstate Access, SLC & Federal USF
- State Imposed – 85% to 90%  
Interstate (all) + State Access + NAF +  
State USF
- **State Cap =  $.85 + (.05 \times (A/B))$**   
**A = Number of exchanges with toll free  
calling to less than 100 access lines**  
**B = total number of exchanges**  
*Must have 20,000 or less lines*

# Sample State Access Elements

Company	Common Line	Local Switching	Common Transport	Dedicated Transport
ASTAC	98%	0%	0%	2%
ATC	63%	16%	0%	20%
BBTC	86%	7%	0%	7%
Bush-Tel	53%	44%	0%	3%
CVTC	93%	3%	0%	4%
Cordova	88%	0%	0%	12%
Interior	94%	0%	0%	6%
Ketchikan	87%	12%	0%	2%
MTA	77%	10%	1%	12%
Mukluk	72%	21%	0%	7%
United-KUC	41%	41%	0%	18%
United Utilities	34%	63%	0%	4%

# Distribution of State Access Costs

