



Capacity-Based Access Charges

Presentation of Ron Binz
on behalf of the
Office of Consumer Counsel
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Capacity-Based Access Charges

Concept

- Switched Access Charges are split into two parts:
 - Variable Charges
 - Capacity Charges



Capacity-Based Access Charges

Details

- Variable Charges are set at Interstate Access Rates (or at TELRIC levels)
- Capacity Charges are set at a flat rate per presubscribed access line equivalent



Capacity-Based Access Charges

Details

- IXC's pay variable switching and transport charges to Qwest
- All carriers with originating toll (including Qwest) are assessed Capacity Charges based on presubscribed line equivalents
 - IXC's pay capacity charges to Qwest
 - Qwest absorbs its own capacity charges



Capacity-Based Access Charges

Details

- Capacity Charge Revenue Requirement is set by Commission at \leq \$50 Million
- An interexchange carrier may collect its Variable Charges and Capacity Charges from end users in any manner it chooses



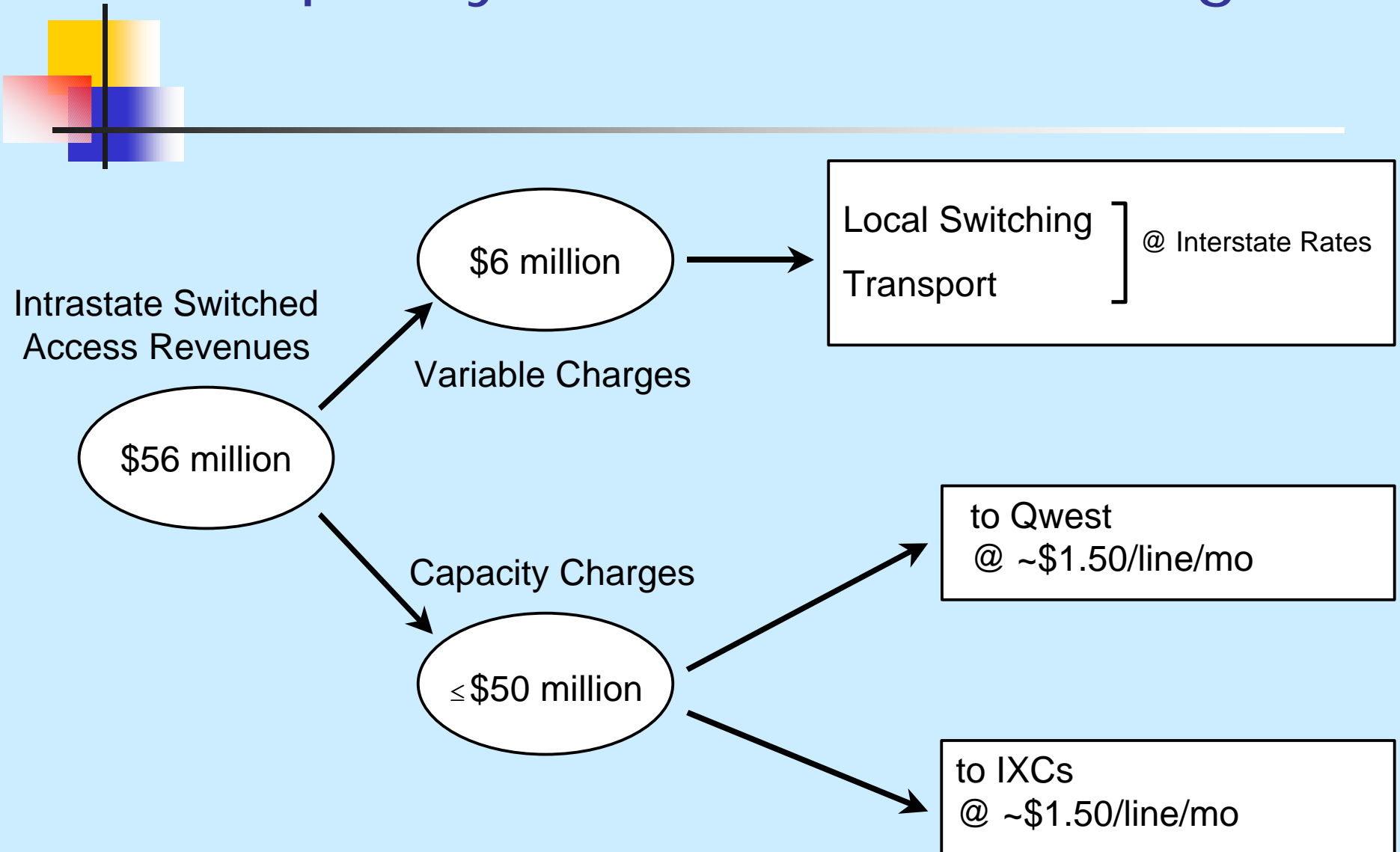
Capacity-Based Access Charges

Details

- Primary Interexchange Carrier Capacity Charge:

$$\text{PICCC} = \frac{\text{CCRR}}{\sum_{\text{IXCs \& Qwest}} \text{Presubscribed Access Lines}}$$

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Capacity-Based Access Charges

Options

- Capacity Charge Revenue Requirement
 - may be fixed over time, or
 - designed to decrease over time.

- The PICCC
 - may be fixed over time, or
 - designed to decrease over time, or
 - recalculated as number of access lines changes.



Capacity-Based Access Charges

Issues

- How to count access line equivalents
- Whether to calculate separate InterLATA and IntraLATA PICCCs
- Details of payments (e.g., when counts occur, frequency of capacity payments)
- How to treat no-PICs
- How to measure imputation



Capacity-Based Access Charges

Advantages to IXCs

- Initial reduction in total access payments
- Per-minute prices set at economic costs
 - No penalty for growing minutes
- May be designed to phase down total access payments and/or PICCC
- Permitted within existing statutory framework