

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

ORDER NO. U-23267

**SMALL COMPANY COMMITTEE
OF THE LOUISIANA TELEPHONE ASSOCIATION,
EX PARTE**

Docket No. U-23267 - In Re: Small Company Committee of the Louisiana Telephone Association, ex parte. In re: Proposed regulations for the provisioning of Intrastate Universal Service Support by the following members of the Small Company Committee: Cameron Telephone Company, Inc., Elizabeth Telephone Company, Inc., Campti-Pleasant Hill Telephone Company, Inc., Delcambre Telephone, Inc., East Ascension Telephone Company, Inc., Kaplan Telephone Company, Inc., Lafourche Telephone Company, Inc., Northeast Louisiana Telephone Company, Inc., Reserve Telephone Company, Inc., Star Telephone Company, Inc., Century Telephone of Central Louisiana, Inc., Century Telephone of North Louisiana, Inc., Century Telephone of East Louisiana, Inc., Century Telephone of Southeast Louisiana, Inc., Century Telephone of Evangeline, Inc., Century Telephone of Southwest Louisiana, Inc., Century Telephone of Northwest Louisiana, Inc., Century Telephone of Chatham, Inc. And Century Telephone of Ringgold, Inc. These regulations will only be an interim measure until such time as the issues regarding Universal Service evolve at the Federal level as they relate to rural telephone companies.

(Decided at the Open Session held November 18, 1998)

This proceeding was initiated by the Small Company Committee of the Louisiana Telephone Association ("SCC") on April 28, 1998. The SCC filed what they supported as an interim Universal Service Plan which would go into effect upon the implementation of 1+ presubscription in February of 1999.¹ The SCC asserted that the plan would remedy the problem caused by the implementation of 1+ presubscription, particularly the problem that the BellSouth "pool"² as required under LPSC Order U-17949-A would dissolve leaving LOS without the

¹ In General Order dated April 25, 1996 (Docket No. U-17949-Subdocket F), the Commission ordered the local exchange companies to implement 1+ presubscription for intraLATA toll calls in Louisiana.

² BellSouth and the independent LECs have historically been the joint providers of 1+ intraLATA toll service in Louisiana since divestiture in 1984. Historically, BellSouth has been the Primary intraLATA Toll Carrier in Louisiana. As the Primary Toll Carrier, BellSouth's tariffed rates have historically applied to all intraLATA toll messages billed to Independent LEC customers. (This was extended to all LOS messages in 1989). The Independent LECs remit those revenues to BellSouth, and BellSouth remits to the Independent LECs settlement specific originating and terminating access charges for such messages (i.e., not their tariffed access charges), as well as a fixed amount per access line. This process is commonly referred to as the intraLATA settlements process or pool.

In 1989, this Commission concluded that the public interest warranted state-wide implementation of a Local Optional Service plan ("LOS") by BellSouth and the independents. It reasoned that "the plan is essential to modernize telephone service in rural areas, facilitate the flow of information in these areas, and reduce the inequities that result from the application of tolls to intrastate telephone calls of short distances." Based on estimates provided by BellSouth, the Commission further concluded that implementation of LOS state-wide would reduce revenues by as much as \$19-\$20 million. Accordingly, the Commission order allocated \$19.4 million of the BellSouth rate decrease ordered in Order No. U-17949-A to the implementation of LOS state-wide. BellSouth was ordered to use a portion of the \$19.4M to adjust (i.e. reduce) its portion of shared intraLATA revenues with the independents to ensure that their revenues were not adversely affected by LOS.

necessary funding.³ The parties to the docket reached an agreement which included a settlement plan and two amendments. The settlement plan essentially provides for the creation of a fund which protects LOS as it exists today and as provided by Small ILECs only. The plan is funded by BellSouth Telecommunications, Inc. and IXCs and includes access reductions from BellSouth Telecommunications, Inc. to each IXC equivalent to the IXC contribution. The first amendment was to fill in the blank erroneously left in the settlement plan attached as Appendix B. The blank on page 3 of the settlement, in Section 101.A.3 states "respective service territories within ___ months of the implementation . . .", but should read "respective territories within 3 months of the implementation . . .". Additionally, the next to the last sentence in Section 101.A.3 should be amended to read "This plan shall, at a minimum, remain in effect until the earlier of 1) the third anniversary date of the adoption of this Plan . . ."

The second amendment is to page 3 wherein the parties agreed to change the last sentence of Section 101.A.3 to read "The parties to this proceeding agree that this plan shall remain in effect until the earlier of 1) the third anniversary date of the adoption of this Plan, or 2) when the FCC issues its rules regarding universal service as it relates to rural telephone companies." (The last sentence of Section 101.A.3 would remain the same.)

Staff reviewed the plan and found no basis on which to reject the plan. Staff's review of the plan included a detailed determination to ensure the consumers of Louisiana would be protected. Staff confirmed that no new consumer charges would arise as a result of this proposal. Furthermore, all parties stated for the record that there would be no additional charges to the consumers.

At the Business and executive session, Staff recommended that the Commission (1) adopt the settlement proposal subject to the two amendments as agreed upon by the parties and (2) allow staff to issue RFPs for the retention of an administrator for the fund to be either the National Exchange Carrier Association (NECA) or a CPA firm in the State of Louisiana. The Commission decided to vote on the two matters separately: first, the settlement plan and second, the RFP issue.

With respect to the Settlement plan, the matter was considered at the Commission's Open Session held on November 18, 1998. On motion of Commissioner Blossman and seconded by Commissioner Dixon, and unanimously adopted, the Commission voted to accept the staff recommendation by approving the settlement plan as set forth by the parties with the two amendments to be made by Staff in the final plan.

With respect to the RFP issue, at the November 18, 1998 Commission Open Session, on motion by Commissioner Dixon and seconded by Commissioner Field, and unanimously adopted, the Commission voted to allow for the issuance of RFPs for an administrator to administer the above referenced plan.

The request for Oral argument by WorldCom, e.spire, MCI, Cox Louisiana Telcom II, L.L.C. and Radiofone regarding their Joint Motions to Dismiss and/or Motion for Adjudicatory Proceeding in this matter were withdrawn at the Business and Executive Session.

³Once 1+ implementation is fully effective, BellSouth and the independent LECs will no longer be the sole providers of 1+ intraLATA toll service in Louisiana. The independent LECs contend that this change will jeopardize the LOS support currently received through the settlements process with BellSouth and will require a fund to replace the current LOS subsidy provided solely by BellSouth pending further FCC action in this area. BellSouth agrees that the implementation of 1+ presubscription will necessitate changes in the current settlements process. Intervenors raise numerous concerns, including that the independent LECs have not demonstrated a need for LOS support through cost studies or other such mechanisms.

IT IS THEREFORE ORDERED THAT:

- (1) The settlement plan including the two amendments, attached as Appendix A, are hereby adopted, and
- (2) RFPs be issued immediately for an administrator to administer the above referenced plan.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
DECEMBER 3, 1998**

/S/ DON OWEN
DON OWEN, CHAIRMAN
DISTRICT V

/S/ IRMA MUSE DIXON
IRMA MUSE DIXON, VICE-CHAIRMAN
DISTRICT III

/S/ C. DALE SITTIG
C. DALE SITTIG, COMMISSIONER
DISTRICT IV

/S/ JAMES M. FIELD
JAMES M. FIELD, COMMISSIONER
DISTRICT II

/S/ LAWRENCE C. ST. BLANC
SECRETARY

/S/ JACK "JAY" A. BLOSSMAN, JR.
JACK "JAY" A. BLOSSMAN, JR., COMMISSIONER
DISTRICT I

APPENDIX A

INTERIM LOS PRESERVATION PLAN

PREAMBLE

BellSouth Telecommunications, Inc. ("BellSouth") and the independent LECs have historically been the joint providers of 1+ intraLATA toll service in Louisiana since divestiture in 1984. Historically, BellSouth has been the Primary intraLATA Toll Carrier in Louisiana. As the Primary Toll Carrier, BellSouth's tariffed rates have historically applied to all intraLATA toll messages billed to Independent LEC customers. (This was extended to all LOS messages in 1989).⁴ The Independent LECs remit those revenues to BellSouth, and BellSouth remits to the Independent LECs settlement specific originating and terminating access charges for such messages (i.e., not their respective tariffed access charges), as well as a fixed amount per access line. This process, found in Order U -17949-B, is commonly referred to as the intraLATA settlements process.

In 1989, the Louisiana Public Service Commission concluded that the public interest warranted state-wide implementation of a Local Optional Service plan ("LOS") by BellSouth and the independents.⁵ It reasoned that "the plan is essential to modernize telephone service in rural areas, facilitate the flow of information in these areas, and reduce the inequities that result from the application of tolls to intrastate telephone calls of short distances."⁶ Based on estimates provided by BellSouth, the Commission further concluded that implementation of LOS state-wide would reduce revenues by as much as \$19-\$20 million.⁷ Accordingly, the Commission order allocated \$19.4 million of the BellSouth rate decrease ordered in Order No. U-17949-A to the implementation of LOS state-wide. BellSouth was ordered to use a portion of the \$19.4M to adjust (i.e. reduce) its portion of shared intraLATA revenues with the Independents to ensure that the Independents' revenues were not adversely affected by LOS.

In General Order dated April 25, 1996 (Docket No. U-17949-Subdocket F), the Commission ordered the local exchange companies to implement 1+ presubscription for intraLATA toll calls in Louisiana. Upon implementation of 1+ intraLATA presubscription in all service territories of the local exchange companies in Louisiana, anticipated to occur approximately February 1, 1999, BellSouth together with the independent LECs will no longer be the sole providers of 1+ intraLATA toll service in Louisiana. The independent LECs contend that this change will jeopardize the LOS support currently received through the settlements process with BellSouth and will require an interim fund to replace the current LOS subsidy provided solely by BellSouth pending further FCC or State Universal Service action in this area. BellSouth agrees that the implementation of 1+ presubscription will necessitate changes in the current settlements process. Intervenors raise numerous concerns, including that the independent LECs have not demonstrated a need for LOS support through cost studies or other such mechanisms.

⁴ Louisiana Public Service Commission Order U-17949-B.

⁵ Louisiana Public Service Commission Order U-17949-A-N

⁶ Louisiana Public Service Commission Order No. 17949-B.

⁷ *Id.*

This Commission has made it clear that it believes that statewide LOS service is in the public interest, particularly in rural areas.⁸ It is also clear that the independents' provision of LOS service is subsidized today through the inter-company settlements process between BellSouth and the independent LECs.⁹ Staff notes that implementation of 1+ presubscription for intraLATA toll calls may necessitate changes in the inter-company settlements process and thus could impact the level of LOS subsidy in place for the independent LECs prior to the implementation of a Universal Service fund for the Louisiana intrastate intraLATA jurisdiction. This order creates the Interim LOS Preservation Plan (the "Plan") to provide an interim and explicit subsidy to all ILECs with the exception of BellSouth Telecommunications, Inc.

SECTION 101 - APPLICABILITY; EXCLUSIONS

A. Applicability

1. These Regulations shall apply to all telecommunications service providers (TSPs) that are subject to the jurisdiction of the Louisiana Public Service Commission (LPSC), and further subject to the exclusions listed herein.
2. This Plan is interim in nature; therefore, adoption of this order and the Interim LOS Preservation Plan in this Docket No. U-23267 is not intended to alter, amend, modify or affect any Commission order, decision or docket pertaining to Universal Service, nor does this order or the Plan set precedent or decide any issues which will be addressed in any other Commission docket.
3. Application of these regulations shall coincide with the implementation of intraLATA presubscription in all of the BellSouth service territories within the State. In conjunction with the Plan, all independent LECs in Louisiana shall be required to implement intraLATA presubscription in their respective service territories within 3 months of the implementation of the Plan. The fund created herein shall be interim in nature. This Plan shall, at a minimum, remain in effect until the earlier of 1) the third anniversary date of this Plan, or 2) when the FCC issues its rules regarding universal service as it relates to rural telephone companies. Once either of the aforementioned events transpire, the Commission may initiate a docket to review the status of the Plan to determine if any changes need to be made to the Plan.

B. Exclusions

1. No CLEC, cellular/CMRS/PMRS or Independent Company provider is required to contribute to this Plan. This exclusion is based upon the fact that this Plan involved long distance rates and access charge reductions which directly affect IXC's.

SECTION 102 - PUBLIC INTEREST

The Commission finds that the adoption and implementation of this Plan on an interim basis until the implementation of an explicit Universal Service subsidy scheme for the Louisiana intrastate jurisdiction pursuant to Section 254 of the Telecommunications Act of 1996 is in the public interest.

⁸ Louisiana Public Service Commission Order U-17949-A,B.

⁹ Louisiana Public Service Commission Order U-17949-A,B; See Answers of BellSouth to Staff's Second Data Request Numbers 1-6.

SECTION 201 - DEFINITIONS

1. Cellular - a mobile service that is: (1) provided for profit, i.e., with the intent of receiving compensation or monetary gain; (2) an interconnected service; and (3) available to the public, or to such classes of eligible users as to be effectively available to a substantial portion of the public.
2. CMRS - Commercial Mobile Radio Service; a mobile service that is: (a) (1) provided for profit, i.e., with the intent of receiving compensation or monetary gain; (2) an interconnected service; and (3) available to the public, or to such classes of eligible users as to be effectively available to a substantial portion of the public; or (b) the functional equivalent of such a mobile service described in paragraph (a) of this definition. 47 CFR §20.3, as amended. CMRS includes “Radio Common Carriers” as that term is defined and used in La. R.S. 45:1500 *et seq.*
3. Commission - The Louisiana Public Service Commission (LPSC).
4. Competitive Access Provider (CAP) - A telecommunications services provider offering and/or providing only exchange services or private line services in a local service area.
5. Competitive Local Exchange Carrier (CLEC) - A telecommunications services provider, except a CAP, offering and/or providing local telecommunications services in competition with an ILEC.
6. End User - Person or entity who uses and pays for telecommunications services and does not resell it to others.
7. Exchange Area - A geographic area established by a telecommunications services provider consisting of one or more central offices together with associated facilities used in furnishing local telecommunications services within the area in which telecommunications services and rates are the same.
8. Equal Access - Accessibility to intraLATA and interLATA long distance carriers without dialing an access code.
9. Fund or Interim Fund - The Interim LOS Preservation Fund (the fund created herein).
10. Incumbent Local Exchange Carrier (ILEC) - A telecommunications services provider that is the incumbent and historical wireline provider of local telecommunications services within a local service area as of the effective date of these Regulations, and any intrastate regulated affiliate or successor to such entity which is engaged in the provisioning of local telecommunications services.
11. Independent, Independent Local Exchange Carrier, Independent Company -All incumbent local exchange companies providing intrastate local exchange services in Louisiana, with the exception of BellSouth Telecommunications, Inc. Currently, the Independents include: Cameron Telephone Company, Inc., Elizabeth Telephone Company, Inc., Campti-Pleasant Hill Telephone Company, Inc., Delcambre Telephone, Inc., East Ascension Telephone Company, Inc., Kaplan Telephone Company, Inc., Lafourche Telephone Company, Inc., Northeast Louisiana Telephone Company, Inc., Reserve Telephone Company, Inc., Star Telephone Company, Inc., Century Telephone of Central Louisiana, Inc., Century Telephone of North Louisiana, Inc., Century Telephone of East Louisiana, Inc., Century Telephone of Southeast Louisiana, Inc., Century Telephone of Evangeline, Inc., Century Telephone of Southwest Louisiana, Inc., Century Telephone of Northwest Louisiana, Inc., Century Telephone of Chatham, Inc. and Century Telephone of Ringgold, Inc.
12. Interexchange Carrier (IXC) - A telecommunications services provider of interLATA telecommunications services.

13. Interexchange Telecommunications - Telecommunications traffic that originates in one exchange area and terminates in a different exchange area regardless of the service or facilities used to originate and terminate traffic.
14. Intraexchange Telecommunications - Telecommunications traffic that originates and terminates within the same exchange area regardless of the service or facilities used to originate and terminate traffic.
15. InterLATA - Telecommunications services that originate in one and terminate in another local access and transport area (LATA).
16. IntraLATA - Telecommunications services that originate and end in the same local access and transport areas (LATA).
17. Intrastate Retail Revenues - The figure reflecting a twelve-month period shown on Line 1 of Form R-5197-L, Quarterly Report of Inspection and Supervision Fee (the original of which is filed with the Louisiana Department of Revenue, Excise Taxes Division), as further explained in Section 601(C) below.
18. Local Access and Transport Area (LATA) - One of 161 geographic areas in the United States in which a LEC may offer telecommunications services.
19. Local Exchange Carrier (LEC) - A telecommunications services provider offering and/or providing local telecommunications services.
20. Local Optional Service (LOS) - A service which provides 7 digit dialed local calling, outside the Local Calling Area but within the LATA, from all originating wire centers to terminating wire centers within 40 miles or within a parish on a usage sensitive basis established in Order No. U-17949-N.
21. Local Serving Area - The geographic area in which end users may place telephone calls without incurring toll charges which includes a flat rate calling area. The Local Service Area of a CLEC may be different from the Local Service Area of an ILEC. Nothing in this definition shall preclude the provision of toll service within the expanded Local Optional Service Area as described in Order No. U-17949-N, dated October 18, 1991.
22. Local Telecommunications Services - Telecommunications services traditionally provided by an ILEC as a local service, including, but not limited to, exchange access services, private line services, basic local services, and public pay phone services.
23. Parties - All intervenors and parties to Louisiana Public Service Commission Docket U-23267 including Cameron Telephone Company, Inc., Elizabeth Telephone Company, Inc., Campti-Pleasant Hill Telephone Company, Inc., Delcambre Telephone, Inc., East Ascension Telephone Company, Inc., Kaplan Telephone Company, Inc., Lafourche Telephone Company, Inc., Northeast Louisiana Telephone Company, Inc., Reserve Telephone Company, Inc., Star Telephone Company, Inc., Century Telephone of Central Louisiana, Inc., Century Telephone of North Louisiana, Inc., Century Telephone of East Louisiana, Inc., Century Telephone of Southeast Louisiana, Inc., Century Telephone of Evangeline, Inc., Century Telephone of Southwest Louisiana, Inc., Century Telephone of Northwest Louisiana, Inc., Century Telephone of Chatham, Inc. And Century Telephone of Ringgold, Inc., WorldCom, e.spire, MCI, BellSouth Telecommunications, Inc., AT&T, Cox LA Telecom II, L.L.C., Radiofone, Sprint Communications and BellSouth Mobility.
24. Plan, Interim Plan - The Interim Los Preservation Plan (*i.e.*, the plan created by this order).
25. PMRS - Private Mobile Radio Service; as defined by 47 CFR §20.3, as amended.

26. Primary Interexchange Carrier (PIC) - A primary, presubscribed interexchange carrier is a long distance service provider . The PIC is identified by a code number that is assigned by the LEC to the telephone numbers of all subscribers to that carrier to ensure that calls are routed over the correct network.
27. Presubscription - A procedure by which an end user may designate one or more interexchange carriers to carry his/her switched intraLATA and interLATA toll calls without the use of an access code.
28. Telecommunications - The bi-directional transmission of information of the user's choosing between or among points specified by the user, including voice, data, image, graphics and video, without change in the form or content of the information, as sent and received, by means of an electromagnetic and/or fiber optic transmission medium, including all instrumentalities, facilities, apparatus, and services (including the collection, storage, forwarding, switching, and delivery of such information) essential to such transmission.
29. Telecommunications Service - The offering and/or providing of telecommunications for compensation or monetary gain to the public, or to such classes of users as to be effectively available to the public regardless of the facilities used to transmit the telecommunications services.
30. Telecommunications Service Provider - A generic term used to refer to any person or entity offering and/or providing telecommunications services for compensation or monetary gain.

SECTION 301 - ESTABLISHMENT OF AN INTERIM LOS PRESERVATION FUND AND CALCULATION

- A. A fund as described herein shall be fully established as of January 31, 1999 by LPSC Staff and the administrator of this fund. The fund shall be called the Interim LOS Preservation Fund. The current estimated amount of the Fund is \$34.9 million; however, the size of the Fund shall be determined by the LPSC Staff and the fund administrator based on a 12-month test year ending November 30, 1998 (the "Initial Amount"). Once the Fund is determined based on this test year utilizing calculations pursuant to Attachment A, and for as long as the fund is in effect, each Independent Local Exchange Company's fund amount shall be capped at its initial per company amount for each Independent Local Exchange Company as calculated pursuant to Attachment A. For the life of the Fund, the size of the Fund cannot be increased above the Initial Amount unless ordered by the Commission pursuant to a ILEC's showing of need in a docketed proceeding. The size of the Fund, whether in connection with the Initial Amount or otherwise, shall be set as determined using the calculation illustrated below in paragraph D. All TSPs subject to this order shall be required to contribute to this Fund based on their Intrastate Retail Revenues, and any ILEC, with the exception of BellSouth Telecommunications, Inc., that provides LOS service in Louisiana shall be permitted to draw monthly from the fund on a per access line basis.
- B. BellSouth shall not receive any windfall as the result of this proposal. BellSouth has a continuing obligation to comply with the Order No. U-17949-B requirement to use a portion of the \$19.4 million rate reduction, specifically \$7 million, to fund revenue losses associated with LOS. BellSouth's continued payment of this previously ordered amount directly into the Fund shall be in addition to the share it will contribute to the Interim LOS Preservation Fund based on its Intrastate Retail Revenues. Based on a preliminary review of data submitted and after accounting for BellSouth's required contribution of \$7 million in satisfaction of its obligation under Order No. U-17949-B, BellSouth's share of the (net) Fund based on its Intrastate Retail Revenues is approximately 60%, or \$20.9 million, to be trued up as provided in Section 601. The remaining percentage will be the portion of the Fund to be funded by TSPs other than those listed in Section 101(B)(1) and BellSouth Telecommunications, Inc.

C. BellSouth shall not benefit from any difference between the total of BellSouth's payments to the Independents under the current process and the total paid under the revised process, including payments to the Interim LOS Preservation Fund. BellSouth shall reduce intrastate switched access rates by the total amount of (1) that portion of the Fund which is paid by all TSPs required to contribute to the Fund (with the sole exception of BellSouth) and (2) the fee of the Administrator. During the existence of the Plan, BellSouth's reduction in intrastate switched access rates shall never be less than the difference between (1) the Initial Amount discussed in Section 301(A) above plus the fee of the Administrator and (2) the total amount by BellSouth paid into the Fund (exclusive of the \$7 million subsidy paid by BellSouth as required by Order No. U-17949-B). Because payments into the Fund will replace former access charge payments by IXCs, it is not in the public interest to mandate the flow through of access charge reductions.

D. *Calculation Example*

<i>Total Independent Company Settlement Compensation</i>	<i>\$64.3M</i>
<i>LOS Revenues</i>	<i>\$18.8M</i>
<i>B & C Revenue</i>	<i>\$ 1.1M</i>
<i>Access Revenue</i>	<i>\$ 1.9M</i>
<i>LOS Net Access Adjustment</i>	<i>\$ 0.6M</i>
<i>PSC/BST U-17949-B Requirement</i>	<i>\$ 7.0M</i>
 <i>TOTAL ICO Revenues including BST adjustment After Plan Implementation</i>	 <i>\$29.4M</i>
 <i>ICO Settlement Compensation Today</i>	 <i>\$64.3M</i>
<i>less Total ICO Revenues</i>	<i>\$29.4M</i>
<i>equals Estimated Amount of Settlement/Total Pool Requirement</i>	 <i>\$34.9M</i>
 <i>Total Pool</i>	 <i>\$34.9M</i>
<i>less BST assessment (approximately 60%)</i>	<i>\$20.9M</i>
<i>equals Total LOS Pool</i>	<i>\$14.0M</i>
 <i>Access Reduction on BellSouth Access Lines</i>	 <i>\$14.0M</i>
 <i>TOTAL REDUCTION</i>	 <i>\$14.0M</i>

SECTION 401 - BILL AND KEEP

The current inter-company settlements process between BellSouth and the Independents shall be altered to provide that the Independents shall bill and keep all revenues from their LOS customers.

SECTION 501 - REPAYMENT FOR TERMINATING CALLS

- A. Independents shall pay BellSouth for LOS calls terminating in BellSouth territory and BellSouth shall pay each Independent for LOS calls terminating in Independent territory at each company's current filed intrastate switched access rates.
- B. All independent LECs may at their option assume all responsibility as the primary toll carrier for intraLATA toll traffic originating in their service area. After an independent LEC implements 1-/0+ presubscription, no ILEC shall be required to be responsible as the primary toll carrier for customers in the service area of another ILEC and an ILEC may choose to relinquish its status as a primary toll carrier for customers in the service area of another ILEC. In addition, after 1+ presubscription implementation, an ILEC may choose a primary toll carrier for its service area other than the historically designated primary toll carrier.

SECTION 601 - TRUE-UP AND REPORTING

- A. The 12-month test year for setting the Initial Amount shall run from December 1, 1997 through November 30, 1998.
- B. Funds shall be distributed to the ILECs drawing from the fund on a monthly basis pursuant to the calculations as outlined in Appendix A, attached Form (Note: Appendix A, Attached forms should be re-titled as Initial Reporting Form).
- C. Additionally, all ILECs are required to report all LOS customer growth, whether positive or negative, to the Commission for November, 1998, to be filed on December 15, 1998 and for December, 1998, to be filed on January 15, 1999.
- D. For purposes of this Interim Plan only, filings made by TSPs to the Louisiana Department of Revenue on Form R-5197-L will serve to establish Intrastate Retail Revenue as described herein. To determine the respective contributions of all TSPs required to contribute to the Fund (including BellSouth), such TSPs shall each provide by December 31, 1998 a copy of their Forms R-5197-L, Quarterly Reports of Inspection and Supervision Fee (the originals of which are filed with the Louisiana Department of Revenue, Excise Taxes Division), for each of the four quarters for calendar year 1998 to the Administrator of the Fund and Commission Staff. In addition, contributing TSPs shall also provide the information necessary to determine the level of retail revenues included in the Forms R-5197-L, (hereinafter referred to as "additional information"). Intrastate Retail Revenues for each contributing TSP (including BellSouth) shall be set equal to annual Intrastate Retail Revenues calculated using the figure shown on Line 1 of Form R-5197-L for the fourth quarter of 1998 (*i.e.*, for the 12-month period ending December 31, 1998) and the additional information. If no additional information is provided by a TSP, its Intrastate Retail Revenues shall be set equal to the figure shown on Line 1 of Form R-5197-L for the fourth quarter of 1998. If Form R-5197-L for the fourth quarter of 1998 is not available by December 31, 1998, the Intrastate Retail Revenues of a TSP may be estimated by an annualization of the retail revenue number calculated using the figures shown in Line 1 of Form R-5197-L for the first, second and/or third quarters of calendar year 1998 and the additional information for these three quarters.

The respective contributions of all TSPs to the Fund for 1999 shall be based on the ratio (the "Sharing Ratio") of their respective Intrastate Retail Revenues determined as set forth above based on the fourth quarter 1998 Forms R-5197-L and the additional information submitted. If the Sharing Ratio is initially determined based on annualization of prior quarter Forms R-5197-L and additional information for one or more TSPs, then a final true-up of the Sharing Ratio to be used for 1999 shall be made once all contributing TSPs (including BellSouth) have provided their fourth quarter 1998 Forms R-5197-L and additional information. The Sharing Ratio for BellSouth, for the year 2000 and throughout the remainder of the Plan, shall be set at the percentage established using 1998 calendar year information. The Sharing Ratio for all other contributing TSPs (excluding BellSouth) for the year 2000 and throughout the remainder of the Plan shall be determined annually thereafter by using BellSouth's percentage based on its 1998 information and by using the contributing TSPs' Forms R-5197-L and additional information for the previous year.

SECTION 701 ADMINISTRATION

- A. Following the Commission Order implementing this Plan, the LPSC Staff shall issue RFPs for an Administrator of this Fund. RFPs will be issued for a national fund administrator such as NECA or a local accounting/CPA Firm. The Administrator should be chosen not later than January, 1999 so that the Fund may be in place and operating as of February 1, 1999. The administrator's fee shall be added into the total amount of the Fund. The total access reduction required to be implemented by BellSouth shall be equal to (1) the aggregate amount of all contributions to the Fund by all TSPs (who contribute) with the exception of BellSouth and (2) the administrator's fee.
- B. The Administrator shall not contribute nor receive disbursements for its own account, except to be paid reasonable costs of administering the Fund. The Commission authorizes

the Interim Fund administrator to enforce and implement all rules and directives governing the funding, collection and eligibility of the Fund; however, only the Commission may adopt such rules and directives. The Administrator shall verify the calculations provided by all entities receiving disbursements from the fund. The Administrator of the Fund shall be subject to auditing by the LPSC or any Party. Costs of providing the documents to a Party shall be borne by the Party. No charges shall be levied against the LPSC for costs of providing the documents to the LPSC pursuant to an audit request.

- C. The amount assessed to each TSP not excluded by Section 101.B.1 shall be paid to the Administrator within 30 days of the invoice date of the assessment. The Administrator shall promptly provide a reminder notice to any TSP that has not paid the assessment within 30 days of the invoice date. Failure to pay the amount assessed within 15 days of the date of the reminder notice will result in the assessment of interest by the Administrator at the rate of 1½% per month until paid. Any interest paid into the Fund shall be used to reduce the Initial Amount in the following year. If a TSP fails to pay the amount assessed within 90 days of the invoice date, the Commission may institute a proceeding to revoke the certificate of the TSP. After notice and hearing the Commission may revoke the certificate of the TSP should the Commission determine that just cause for non-payment does not exist.
- D. The fund shall be distributed monthly to all ILECs in Louisiana (with the exception of BellSouth) under the qualification criteria outlined in Appendix A, attached forms. Such ILECs shall report to the Administrator on a monthly basis, all information necessary, as set forth in § 601 of this Order, for the administration of the Fund, including but not limited to, the number of access line in service by each carrier requesting support. The number of access lines shall be consistent with the reporting requirements used by NECA, the National Exchange Carrier Association.