



STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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CHAIRMAN

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COMMISSIONERS

March 5, 2014

To: Telephone Utilities and Qualified Telecommunication Providers

Re: 2013 Annual Reports and MPUC Assessments

The purpose of this letter is to describe the MPUC Annual Report and MPUC Assessment procedures for 2014 resulting from enactment of P.L 2011, Chapter 623, *An Act to Reform Telecommunications Regulation* which went into effect on August 31, 2012 (Reform Act), which at this time has not been amended from last year.

Pursuant to 35-A M.R.S. § 116(1), telephone utilities and qualified telecommunications providers are subject to the annual MPUC assessment based upon intrastate gross operating revenues. For telephone utilities, "intrastate gross operating revenues" means those intrastate revenues that are derived from *filed* rates. For qualified telecommunications providers¹, "intrastate gross operating revenues" means those intrastate revenues that are derived from a provider's rates regardless of the fact that such rates are not subject to any Commission filing or tariffing requirement. 35-A M.R.S. § 116(1)(B). Telephone utilities that earn revenues derived from filed rates, and qualified telecommunications providers, must therefore pay an assessment and file an annual report.

With the exception of qualified telecommunications providers, the Commission is not authorized by 35-A M.R.S. § 116 to impose an assessment on telephone utilities that do not have filed rates.² Thus, competitive local exchange carriers (CLECs) and interexchange

¹ A "qualified telecommunication provider" is a provider of interconnected voice over Internet protocol service that paid a MPUC assessment, whether voluntarily, by agreement with the commission or otherwise, prior to March 1, 2012. 35-A M.R.S. § 116.

² The Reform Act removed from the definition of "intrastate gross operating revenues" those revenues that are derived from rates that were previously exempt from filing requirements pursuant to rules adopted by the Commission under MRS § 307-A. Consequently, revenues derived from rates that had been subject to regulatory "de-tariffing" prior to the enactment of the Reform Act (such as the rates of CLECs) are no longer fall within the Commission's assessment authority.

carriers (IXCs) are not required to pay an assessment in 2014, or to file an annual report for 2013, to the extent that none of their intrastate revenues are derived from *filed* rates.³

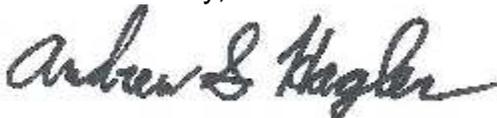
With the enactment of the Reform Act, the only telephone utilities that are required to file a retail tariff are those designated as a provider of provider of last resort (POLR) services pursuant to 35-A M.R.S. § 221(1). Presently, all ILECs are so designated, and therefore, these carriers are subject to an annual MPUC assessment on intrastate revenues derived from filed rates. The Commission calculates the current year assessment based upon intrastate revenues derived from filed rates that were earned in the previous year. The tariff of each ILEC operating in Maine includes only rates for POLR service, and thus the intrastate revenues generated from the sale of POLR services during 2013 will be subject to the 2014 MPUC assessment. The annual reports filed by the ILECs for 2013 must therefore reflect the intrastate revenues for POLR services sold in 2013.

The possibility exists that a bill may be enacted during the current (2014) legislative session that would change the statute back to the provisions that were in place prior to the enactment of the current law. This may require all intrastate revenues earned by ILECs to be subject to assessment, and/or it may require CLECs and IXCs to pay an assessment. The Commission will monitor the legislative process, and if any changes are enacted, the PUC will enforce the changes for the 2014 calendar year results, which will be filed with the 2015 Annual Reports. The PUC will provide notice to all telecommunications carriers of any changes in Maine's statutes that effect the PUC assessment or the Annual Report.

Should you have any questions or concerns regarding the PUC annual assessment or the Annual Report procedures, please contact Richard Kania of the PUC staff (rich.kania@maine.gov, or 207-287-1379) or contact me directly.

Thank you.

Sincerely,



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³ All voice service providers with quarterly intrastate retail revenues of \$12,500 or more, including CLECs and IXCs, remain obligated to report such quarterly revenues to the Joint Administrator of the MUSF and MTEAF funds pursuant to Chapters 285 and 288 of the Commission's rules.