

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2001-230

November 22, 2002

PUBLIC UTILITIES COMMISSION,  
High Cost Universal Service Fund (Chapter  
288)

NOTICE TO CARRIERS  
PROVIDING INTEREXCHANGE  
SERVICE TO PROPOSE  
ALLOCATION METHOD FOR  
JURISDICTIONALLY MIXED  
UNSEPARATED CHARGES

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In July of 2001 the Commission adopted Chapter 288 of its Rules, High Cost Universal Service Fund. The Fund will soon become operational. The Fund Administrator will be requiring carriers to report intrastate retail revenues in mid-February 2003 and will be sending bills to carriers that must contribute to the Fund at the end of February. Contributions will be due by March 31, 2003.

We bring to your attention the provisions of Section 4(D) and 5(B)(3) of the Rule. These provisions address "jurisdictionally mixed charges," which the Rule defines as "any charges or rates of an IXC, a mobile telecommunications provider or a radio-paging provider that apply on an unseparated basis to both intrastate and interstate service (e.g., minimum monthly bills, with or without a usage allowance)." These provisions require carriers to propose an interstate-intrastate allocation method for these charges or they will be considered entirely intrastate for contribution purposes (and effectively entirely interstate for customer surcharges).

**NOTE:** The Commission is presently conducting a **Rulemaking** (Docket No. 2002-687) that proposes to amend language from Chapter 288 that is quoted below in Parts I and II of this Notice. One proposed amendment would amend section 4(D)(2) to state that mobile telecommunications providers may allocate jurisdictionally mixed charges by using the FCC's "safe harbor" methodology. The purpose of the other proposed changes is to clarify existing language. A copy of the proposed new language (proposed additions underlined) is contained in **Attachment A**.

**NOTE ALSO:** The same rulemaking would amend Chapter 285 (Maine Telecommunications Education Access Fund) so that it would contain the same allocation provisions that are in the USF rule. If these proposed amendments are adopted, an allocation method approved under one of the Chapters will automatically apply to the other. The entire rulemaking is available at:  
<http://www.state.me.us/mpuc/ordtbl2002.htm> (Docket No. 2002-687).

## I. ASSESSMENTS

Section 4(D) states that all jurisdictionally mixed charges are subject to assessment, *unless* the carrier applies for and the Commission's Director of Finance approves a method that allocates those revenues between intrastate and interstate so that the assessment will apply only to the intrastate portion.

The full text of section 4(D) follows:

### D. Assessment of Revenues Derived from Jurisdictionally Mixed Charges.

1. Application. Assessments shall apply to any charges or rates of an IXC, a mobile telecommunications provider or a radio-paging provider that apply on an unseparated basis to both intrastate and interstate service (e.g., minimum monthly bills, with or without a usage allowance) provided in Maine, except as provided in paragraph 2 below.

2. Exception. If approved by the Commission or by the Director of Finance, IXCs, mobile telecommunications carriers and radio paging providers may apportion revenue derived from charges or rates that apply on an unseparated basis to both intrastate and interstate service using minutes of use or some other reasonable and verifiable apportionment method.

## II. SURCHARGES

A similar provision applies to **surcharges** that a carrier may apply to **customer bills** pursuant to an approved rate schedule under the provisions of Section 5(B). If a carrier receives approval for an allocation method for assessment purposes, it must apply the same allocation method to customer bills on an individual basis. In the absence of an approved allocation method, a surcharge cannot apply to any portion of a jurisdictionally-mixed unseparated charges. Section 5(B)(3) states:

### 3. Application to Jurisdictionally Mixed Charges.

a. Application Allowed only with Approved Apportionment Method. If an IXC has rates or charges that that apply on an unseparated basis to both intrastate and interstate service (e.g., minimum monthly bills, with or without a usage allowance), it may not apply the surcharge to any portion of those charges except pursuant to an apportionment method for those rates or charges approved pursuant to sub-paragraph (b) below;

b. Approval of Apportionment Method. The Commission or the Director of Finance may approve an apportionment method, using minutes of use or some other reasonable method that will allow an IXC to surcharge the

intrastate portion of mixed intrastate-interstate charges. If, pursuant to Section 4(D)(2), the Commission approves an apportionment method (e.g., minutes of use) for the assessment of revenues derived from mixed intrastate-interstate charges, the carrier shall apply the same apportionment method to every mixed intrastate-interstate charge on each customer's bill.

### III. NOTICE OF NEED TO APPLY; STANDARD ALLOCATION METHODS

**Failure to apply:** If a carrier subject to this provision fails to seek approval for an allocation method, the assessment applies to the entirety of the charges described in the first paragraph (section 4(D)(1)). In addition, it will not be allowed to apply a customer surcharge to any mixed intrastate-interstate charges on retail bills. As noted above, you will be required to report revenues in mid-February and you must have an approved allocation method prior to then.

**Standard method for IXC charges:** If an IXC has charges that are described in the first paragraph, and they only apply to interexchange calling (intrastate and interstate), and a carrier proposes to allocate the charges using minutes of use, I will automatically approve that method. I will also approve a method that allocates the unseparated charges on the basis of separated *revenues* from intrastate and interstate usage-sensitive charges.

**Standard method for charges applicable to both local and interexchange service:** If an IXC also offers local exchange service and a single minimum charge applies to local service (definitionally intrastate), intrastate toll and interstate toll, I will approve the following allocation method:

? The portion of the charge that is equal to the carrier's stand-alone rate for local service will be allocated to local (hence, intrastate). If the carrier does not have a stand-alone local rate, it will use Verizon's rate(s)<sup>1</sup>

? The remainder of the charge (definitionally a mix of intrastate and interstate toll) will be allocated using minutes of use (or, as described above, intrastate and interstate revenues).

**Standard method for wireless carriers and paging companies:** It appears that mobile telecommunications providers and radio-paging providers generally do not track minutes and therefore would not be able to use the first "standard" method described above for IXCs. In the absence of a more precise (but verifiable) method

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<sup>1</sup> If the carrier offers only business service, it will use Verizon's local rate for business customers. If it offers both residential and business service, it should apply the Verizon business rate to jurisdictionally mixed charges that apply to its business customers and the Verizon residential rate to jurisdictionally mixed charges that apply to its residential customers.

proposed by a wireless carrier or paging company, I will approve an allocation method that uses the FCC's "safe harbor" method. (See **NOTE** above concerning our proposed amendment to the Rule that would specifically refer to the FCC "safe harbor" method as an acceptable allocation.)

It is important that you address this matter **immediately**. Failure to do so will mean that the mixed, unseparated charges described above will be considered entirely intrastate for assessment purposes (and effectively entirely interstate for surcharge purposes). A request to use the appropriate standard method described above will result in quick approval. Proposals to use alternative methods may result in delay, although I will attempt to process them as fast as possible. If you propose an **alternative method**, please provide the name of a **contact person** so that, if necessary, we may ask questions.

Dated at Augusta, Maine, this 22<sup>nd</sup> day of November, 2002.

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Richard Kania  
Director of Finance