

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. M-100, SUB 4  
DOCKET NO. P-100, SUB 72b  
DOCKET NO. P-100, SUB 133  
DOCKET NO. P-100A, SUB 133  
DOCKET NO. P-55, SUB 1022  
DOCKET NO. P-55, SUB 1022A  
DOCKET NO. P-100, SUB 110

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. M-100, SUB 4	)	
	)	
In the Matter of	)	
Adoption of Uniform Rules for Filing Annual	)	
Reports by Public Utility Companies and	)	
Municipal Corporations	)	
	)	
DOCKET NO. P-100, SUB 72b	)	
	)	
In the Matter of	)	
Implementation of Session Law 2003-91, Senate	)	
Bill 814 Titled "An Act to Clarify the Law	)	
Regarding Competitive and Deregulated	)	
Offerings of Telecommunications Services"	)	ORDER RULING ON
	)	THE NCTIA'S PETITION
DOCKET NO. P-100, SUB 133	)	FOR MODIFICATION OR
	)	ELIMINATION OF
In the Matter of	)	CERTAIN REPORTING
Local Exchange and Local Exchange Access	)	REQUIREMENTS
Telecommunications Competition	)	RELATING TO ILECS
	)	AND/OR CLPS, AND
DOCKET NO. P-100A, SUB 133	)	AMENDING RULE R1-32
	)	AND RULE R17-2(K)
In the Matter of	)	
Reports Filed Pursuant to Commission Rule	)	
R17-2(k)	)	
	)	
DOCKET NO. P-55, SUB 1022	)	
	)	
In the Matter of	)	
Application of BellSouth Telecommunications, Inc.	)	
To Provide In-Region InterLATA Service	)	

Pursuant to Section 271 of the	)
Telecommunications Act of 1996	)
	)
DOCKET NO. P-55, SUB 1022A	)
	)
In the Matter of	)
Reports Regarding Questions for Competing	)
Carriers	)
	)
DOCKET NO. P-100, SUB 110	)
	)
In the Matter of	)
Telecommunications Relay Service (TRS), Relay	)
North Carolina	)

BY THE COMMISSION: On March 16, 2011, the North Carolina Telecommunications Industry Association, Inc. (NCTIA)<sup>1</sup> filed a Petition for Modification or Elimination of Certain Reporting Requirements Relating to Incumbent Local Exchange Companies (ILECs) and/or Competing Local Providers (CLPs) (Petition). The origins of the NCTIA's Petition go back to the process associated with the implementation of Subsection (h) of Session Law 2009-238 (House Bill 1180 adopting G.S. § 62-133.5(h)). On October 20, 2009, the Commission, in Docket No. P-100, Sub 165, established a Working Group to develop recommendations concerning the terms or application of various statutes, rules, notice and reporting obligations with regard to carriers electing Subsection (h) price regulation. On February 2, 2010, the Working Group filed a report with the Commission. That report included a matrix proposing revisions to the terms or application of various statutes, rules, notice and reporting obligations.

While the Commission, on March 30, 2010 in Docket No. P-100, Sub 165, adopted many of the Working Group's consensus recommendations on numerous issues, the Commission also noted that certain changes recommended by the Working Group were either outside the scope of Docket No. P-100, Sub 165 or were more properly to be taken up by separate petition in other relevant dockets. The NCTIA's current Petition is, therefore, in some respects a follow-up from this docket concerning Subsection (h).

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<sup>1</sup> The NCTIA consists of AT&T North Carolina, CenturyLink, Comporium Communications, Ellerbe Telephone Company, North State Communications, Pineville Telephone Company, Randolph Telephone Company, TDS Telecom, Frontier Communications of the Carolinas, Inc., Windstream North Carolina LLC, Windstream Concord Telephone, Inc., Windstream Lexcom Communications, Inc., and Windstream Communications, Inc. Members of the NCTIA not regulated by the Commission include Atlantic Telephone Membership Corporation, Randolph Telephone Membership Corporation, Skyline Telephone Membership Corporation, Star Telephone Membership Corporation, Surry Telephone Membership Corporation, Tri-County Telephone Membership Corporation, Wilkes Telecommunications, and Yadkin Valley Telephone Membership Corporation.

First, the NCTIA stated that its current Petition is seeking action by the Commission with regard to the matters presented previously in Docket No. P-100, Sub 165 as Matrix Issues 34, 60, and 92. Second, the NCTIA stated that it seeks to have the reporting requirements associated with the Commission's Questions for Competing Carriers (QCCs) established on August 11, 1997, in Docket No. P-55, Sub 1022, rescinded. Finally, the NCTIA seeks modification of current reporting requirements relating to the Telecommunications Relay Service (TRS) surcharge established in Docket No. P-100, Sub 110, so that CLPs are excused from filing monthly reports with the North Carolina Department of Health and Human Services (DHHS) for any month in which they have no customers or no qualified access lines to which the TRS surcharge is applicable.

On April 1, 2011, the NCTIA made a Supplemental Filing consisting of an Appendix A reflecting the specific revisions that the NCTIA proposes with respect to Rules R1-32 (Matrix Issue 34) and R17-2(k) (Matrix Issue 60).

By Order dated April 4, 2011, the Commission sought comments on the NCTIA's Petition. On April 6, 2011, the Commission issued an Order seeking comments from the DHHS on the specific TRS-related proposal outlined in the NCTIA's Petition.

On April 14, 2011, the DHHS filed its comments.

Initial comments were filed on April 26, 2011 by the Public Staff, Sprint Communications Company (Sprint), and Verizon South Inc. and MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services (Verizon). CompSouth<sup>2</sup> also filed initial comments in addition to a request for the Commission to adopt further deregulatory measures.

Reply comments were filed by the NCTIA on May 10, 2011.

On May 17, 2011, the Public Staff filed a Motion for Leave to File Supplemental Reply Comments along with an attached copy of its supplemental reply comments to address some revised positions outlined by the NCTIA in its reply comments.

On May 19, 2011, the Commission issued an Order allowing the Public Staff and other intervenors to file supplemental reply comments.

On May 26, 2011, Verizon filed supplemental reply comments.

The Commission will now separately address and rule on each issue raised in the NCTIA's Petition.

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<sup>2</sup> CompSouth members for the purpose of this filing include the following competitive local exchange service providers in North Carolina: Access Point, Inc., Birch Communications, Inc., Cbeyond Communications, Covad Communications Company, DeltaCom, Inc., Level 3 Communications, PAETEC Communications, Inc., tw telecom of north carolina l.p., and XO Communications, Inc.

## **ISSUE NO. 1 – ANNUAL REPORT FILING REQUIREMENTS**

### **Matrix Issue 34**

This issue concerns the reporting requirements established in Rule R1-32 as to the filing of financial reports. The Working Group's consensus recommendation in Docket No. P-100, Sub 165 was that Rule R1-32 should be revised such that the provision of the following information would suffice for carriers of last resort (COLRs). While not specifically a subject of Docket No. P-100, Sub 165, the Working Group also considered the recommendation below appropriate for ILECs that are price regulated under G.S. § 62-133.5(a) as well as Subsection (h) electing carriers.

Specifically, the NCTIA requested in its Petition that the Commission revise Rule R1-32 as follows to include a new Subsection (e1):

(e1) In lieu of filing annual report forms furnished or approved by the Commission, or otherwise filing any other information as provided for in Sections (a) through (e) above, incumbent local exchange companies (ILECs) that are price regulated under G.S. § 62-133.5(a), and any carrier electing regulation under G.S. § 62-133.5(h), may instead satisfy all of their annual reporting obligations by providing the following:

- (1) Publicly traded ILECs may provide the Commission with a link to their annual filings with the SEC;
- (2) ILECs that are not publicly traded may annually file copies of their audited financial statements with the Commission;
- (3) CLPs with COLR responsibilities that are publicly traded may provide the Commission with a link to their annual filings with the SEC; and
- (4) CLPs with COLR responsibilities that are not publicly traded may annually file copies of their audited financial statements with the Commission.

The NCTIA maintained that the provision of either (1) hyperlinks to publicly traded companies' SEC filings or (2) audited financial statements relating to entities that are not publicly traded would provide sufficient financial information for the Commission's purposes to monitor the financial stability of the State's COLR providers. The NCTIA recommended that Rule R1-32 be amended accordingly to provide that the reporting as described above would be extended to the financial reporting for Subsection (h) COLR providers (regardless of whether they are an ILEC or a CLP), or a price plan regulated ILEC.

In its initial comments, **CompSouth** emphasized what it saw as the regulatory imbalance between AT&T and the CLPs at the present time. CompSouth noted that

AT&T is the only significant operating entity that has elected deregulation under G.S. § 62-133.5(h), which allows its retail rates and associated terms and conditions to be unregulated by the Commission, subject only to continued price regulation of stand-alone basic residential lines. CompSouth noted that the General Assembly has gone further and enacted G.S. § 62-133.5(l), eliminating even the stand-alone basic residential line requirement as well as COLR requirements for Subsection (l) carriers, subject only to the requirement that electing carriers not receive payments from a universal service fund, should such a program be adopted<sup>3</sup>. CompSouth argued that the effect of these enactments has been to create a regulatory imbalance among similarly situated providers in which certain regulatory requirements are imposed on CLPs but not on AT&T<sup>4</sup>. CompSouth asserted that, while the NCTIA recommendations are, by and large, a good first step, they do not go far enough. CompSouth then turned to more specific comments on the changes proposed by the NCTIA.

CompSouth stated that it had no objections to the Rule R1-32 revision proposed by the NCTIA as applicable to ILECs but that the new requirements proposed by the NCTIA applicable to CLPs are unnecessary and contrary to the deregulatory intent of Session Law 2009-238 and Senate Bill 343 [Subsection (h) and Subsection (l)]. CompSouth noted that the NCTIA has proposed that CLPs “with COLR responsibilities” should now, for the first time, be subject to the requirements of Rule R1-32<sup>5</sup>. CompSouth asserted that this is contrary to Rule R17-2(j), which provides that “[f]inancial reports are not required to be routinely filed by CLPs. However, the CLP shall submit specific financial information upon request of the Commission or the Public Staff.” CompSouth maintained that, moreover, it is anomalous that deregulatory laws backed by AT&T - which do not purport to impose any additional regulatory requirements on CLPs, COLRs or otherwise - should be followed by proposals that increase regulatory requirements on CLPs. CompSouth stated that, in any event, CLPs are not currently subject to Rule R1-32, that determination having been made by the Commission in a notice and comment rulemaking proceeding when implementing local competition.

With respect to COLRs, CompSouth said that it understands the rationale for the proposal - i.e., that certain CLPs may, in special cases, become subject to COLR

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<sup>3</sup> The Commission notes that Session Law 2011-52 (Senate Bill 343) was signed into law on April 26, 2011, subsequent to the NCTIA's March 16, 2011 Petition. The Commission is not addressing any changes that may be necessary with the passage of Session Law 2011-52 in this Order. A separate docket has been established by the Commission, specifically Docket No. P-100, Sub 165A, to address the regulatory impacts of Session Law 2011-52.

<sup>4</sup> The Commission notes that CompSouth's arguments in this regard lack merit. AT&T has filed a notice that it has adopted to be regulated pursuant to G.S. § 62-133.5(h). A CLP may file such a notice at any time.

<sup>5</sup> The Commission notes that this statement is not entirely true. In Docket No. P-100, Sub 165, Matrix Issue No. 34, which was agreed to by CompSouth, the NCTIA, and the Public Staff and was adopted by the Commission in its March 30, 2010 Order, specifically states that **Subsection (h) CLPs with COLR responsibilities** would provide either a link to their SEC filings on an annual basis or file their audited financial statements on an annual basis.

responsibility. However, CompSouth argued, the fact remains that at this time ILECs, by statute, have been deemed the default providers of universal service in their certificated areas and they have been, in exchange, designated as Eligible Telecommunications Carriers (ETCs) and financially compensated under various federal universal service programs for providing COLR service. Historically, CompSouth argued, CLPs have not been designated ETCs and have traditionally not been considered COLRs<sup>6</sup>. CompSouth conceded that it is true that, under certain discrete circumstances, a CLP may be designated by the Commission, after hearing, as a COLR in a defined geographical area, such as a gated community where the CLP has a contract to provide service and the ILEC has either been denied access by the property owner or has chosen not to construct facilities. To CompSouth's knowledge, no CLP has, in fact, been designated a COLR under the provisions of G.S. § 62-110(f5). CompSouth argued that such a targeted and narrow situation does not justify the imposition of a broadly-based regulatory requirement such as that proposed by the NCTIA. CompSouth further noted that, to the extent the Commission or the Public Staff seeks such information, it can do so under Rule R17-2(j). Finally, CompSouth asserted that, to the extent necessary, its position as recorded with respect to Matrix Issue 34 on the Working Group Matrix Recommendations submitted in connection with Docket No. P-100, Sub 165 is amended consistent with its current position as outlined in its initial comments in this docket.

The **Public Staff** stated in its initial comments that it was agreeable to the thrust of what the NCTIA is proposing but, in some cases, recommended changes. With respect to current Commission Rule R1-32(e) which requires the annual filing of detailed financial and operations data, the Public Staff said that it did not object to the NCTIA's proposal to modify Rule R1-32 to include a Subsection (e1). The Public Staff believes that the SEC information or audited financials should be sufficient to allow the Commission to monitor the financial health of ILECs and any CLPs with COLR obligations. However, the Public Staff proposed that the NCTIA's recommended Rule R1-32(e1) should be revised to state as follows:

(e1) In lieu of filing annual report forms furnished or approved by the Commission, or otherwise filing any other information as provided for in Sections (a) through (e) above, any carrier electing regulation under one of the subsections of G.S. § 62-133.5, may instead satisfy all of their annual reporting obligations by providing the following as soon as possible after the close of the calendar year, but in no event later than the 30<sup>th</sup> day of April of each year for the preceding calendar year:

- (1) Publicly traded ILECs may provide the Commission with a link to their annual filings with the Securities and Exchange Commission (SEC);

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<sup>6</sup> The Commission notes that, however, as of today, several ILECs have been relieved of their COLR responsibility in a certain subdivision under G.S. § 62-110(f4) and that a CLP is the service provider in the subdivision (See Docket No. P-100, Sub 152b).

- (2) ILECs that are not publicly traded may annually file copies of their audited financial statements with the Commission;
- (3) Competing local providers with carrier of last resort (COLR) responsibilities that are publicly traded may provide the Commission with a link to their annual filings with the SEC; and
- (4) Competing local providers with COLR responsibilities that are not publicly traded may annually file copies of their audited financial statements with the Commission.

Although **Sprint** did not specifically address this issue in its initial comments, Sprint did urge the Commission to grant the NCTIA's Petition in its entirety.

**Verizon** recommended in its initial comments that the NCTIA's requests should be granted with certain modifications. With respect to the annual reports required under Rule R1-32, Verizon argued that, while the NCTIA requests that publicly traded ILECs that are price regulated under G.S. § 62-133.5(a) provide a link to their annual filings with the SEC and that ILECs that are not publicly traded file copies of their annual audited financial statements, this reporting requirement should be eliminated altogether because the Commission does not need such financial information for price-regulated or alternatively regulated ILECs. Verizon asserted that, if the Commission retains such reporting, it should adopt the modification proposed by the NCTIA because it would simplify and make less burdensome the ILECs' financial reporting obligations. Verizon stated that, in doing so, the Commission should clarify that the SEC filings or audited financial statements can be from a parent or other affiliated company providing information that includes the ILEC's financial data.

Moreover, Verizon opposed the proposal by the NCTIA that CLPs with COLR obligations take on financial reporting obligations. Verizon argued that such CLPs are not subject to Rule R1-32 today, and there is no reason to require them to start filing such reports. Verizon maintained that a CLP that becomes the COLR for an apartment complex or subdivision, for example, should not have to start making its financial information available to the Commission. Verizon opined that this would impose an unnecessary burden with no corresponding benefit to the public.

In its reply comments, the **NCTIA** generally reiterated its support of its proposals for revision but, in some cases, as a response to the comments of others, advocated certain further revisions. The NCTIA noted that CompSouth supported the NCTIA's proposed changes to Rule R1-32 for ILECs but opposed the establishment of any new annual reporting requirements for CLPs, even if they have COLR responsibilities in a particular development. The NCTIA noted that CompSouth had pointed out that CLPs were exempted from Rule R1-32 after a Commission notice and rulemaking process but that the Public Staff or Commission can obtain this information upon request pursuant to Rule R17-2(j). The NCTIA also noted that the Public Staff and Sprint supported the

NCTIA's proposal regarding annual reporting requirements. The NCTIA stated that Verizon, on the other hand, proposed that these reports should be eliminated altogether for price-regulated or alternatively regulated ILECs; but, if the Commission adopts the modification proposed by the NCTIA as to ILECs, it should not also impose any financial reporting requirements on CLPs, because they are not subject to Rule R1-32 today.

The NCTIA maintained that, upon further reflection, it believes that the points made by CompSouth and Verizon have merit. The NCTIA now agrees that these additional requirements should not be imposed on CLPs.

The **Public Staff** requested authorization for itself and others to file supplemental reply comments with respect to Matrix Issue 34 (Annual Reporting Requirements), inasmuch as the NCTIA had filed reply comments in which it modified its position as to this issue. The Public Staff stood by its original recommendations.

With respect to Matrix Issue 34 (Financial Reporting), the Public Staff recalled that it had supported, with just minor modifications, the NCTIA's recommended changes to Rule R1-32(e). However, in its reply comments, the NCTIA, upon reviewing the comments of CompSouth and Verizon, changed its position and stated that it no longer recommended that CLPs with COLR responsibilities be subject to financial reporting requirements. Having reviewed the NCTIA's modified position, the Public Staff's position is that it is appropriate for companies with COLR responsibilities, both ILECs and CLPs, to be subject to the same financial reporting requirement. The Public Staff argued that, moreover, any company with COLR responsibilities should be required to provide sufficient information to assure the Commission that it is financially able to meet the obligations and responsibilities of being a COLR.

**Verizon** stated in its supplemental reply comments that it opposes the Commission implementing new financial reporting requirements on CLPs for the reasons stated in its initial comments.

## **DISCUSSION**

The requirements currently in place for the filing of annual reports by telecommunications carriers are as follows:

- (1) rate-of-return ILECs must adhere to Rule R1-32;
- (2) price plan regulated ILECs must file the annual report format approved by the Commission in Docket No. P-100, Sub 72b on April 16, 2004;
- (3) Rule R1-32 is not applicable to **non**-Subsection (h) CLPs and Subsection (h) CLPs without COLR responsibilities; and



(4) Subsection (h) ILECs **and** Subsection (h) CLPs with COLR responsibilities must adhere to the following requirements for annual reports, as adopted by the Commission in Docket No. P-100, Sub 165, effective March 30, 2010<sup>7</sup>:

- (a) Public ILECs should provide a link to SEC filings on an annual basis;
- (b) Audited financials should be filed on an annual basis by non-public ILECs;
- (c) Public CLPs with COLR responsibilities should provide a link to SEC filings on an annual basis; and
- (d) Non-public CLPs with COLR responsibilities should submit audited financials on an annual basis.

The NCTIA originally proposed that the Commission revise Rule R1-32 to include a Subsection (e1) so that the amended reporting would apply to: (1) Subsection (h) ILECs; (2) Subsection (h) CLPs; **and** (3) price plan regulated ILECs. Specifically, the NCTIA proposed the following language:

**Rule R1-32(e1).** In lieu of filing annual report forms furnished or approved by the Commission, or otherwise filing any other information as provided for in Sections (a) through (e) above, incumbent local exchange companies (ILECs) that are price regulated under G.S. § 62-133.5(a), and any carrier electing regulation under G.S. § 62-133.5(h), may instead satisfy all of their annual reporting obligations by providing the following:

- (1) Publicly traded ILECs may provide the Commission with a link to their annual filings with the SEC;
- (2) ILECs that are not publicly traded may annually file copies of their audited financial statements with the Commission;
- (3) CLPs with COLR responsibilities that are publicly traded may provide the Commission with a link to their annual filings with the SEC; and
- (4) CLPs with COLR responsibilities that are not publicly traded may annually file copies of their audited financial statements with the Commission.

The only change in financial reporting under the NCTIA's original proposal was that price plan regulated ILECs would no longer have to file the annual report form

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<sup>7</sup> The Commission notes that while the intent of the March 30, 2010 Order was to revise Rule R1-32, the rule did not physically get amended.

approved by the Commission in 2004, and would, instead, only have to file either a link to their SEC filing or a copy of their audited financial statements.

However, based on comments filed by other parties, the NCTIA revised its original proposal to request that the Commission not require CLPs with COLR responsibilities to be subject to financial reporting requirements. The NCTIA's revised proposal is for the Commission to revise Rule R1-32 so that the following amended reporting would apply to: (1) Subsection (h) ILECs; **and** (2) price plan regulated ILECs:

- (a) Publicly traded ILECs would provide the Commission with a link to their annual filings with the SEC; and
- (b) ILECs that are not publicly traded would annually file copies of their audited financial statements with the Commission.

Under the NCTIA's revised proposal, all CLPs would be relieved from filing any annual reports with the Commission.

The Public Staff asserted in its supplemental reply comments that it believes it is appropriate for companies with COLR responsibilities, both ILECs and CLPs, to be subject to the same financial reporting requirement. The Public Staff further maintained that any company with COLR responsibilities should be required to provide sufficient information to assure the Commission that it is financially able to meet the obligations and responsibilities of a COLR.

The Commission has reviewed all of the filings on this issue, and agrees with the Public Staff that it is appropriate for companies with COLR responsibilities, whether they are ILECs or CLPs, to be subject to the same financial reporting requirement. The Commission further notes that it has already made this ruling in its March 30, 2010 Order for Subsection (h) ILECs and Subsection (h) CLPs with COLR responsibilities<sup>8</sup>. The only change being made by the Commission in this Order is that price plan regulated ILECs are relieved from filing the annual report previously adopted by the Commission in 2004 to provide this reduced, limited financial reporting requirement. The Commission further notes that the decision in this Order provides a very significant reduction in the financial reporting requirements for price plan regulated ILECs. The adopted financial reporting requirement places a *de minimis* regulatory burden on price plan regulated ILECs, Subsection (h) ILECs, and Subsection (h) CLPs with COLR obligations. Requiring these carriers to annually provide the Commission with either a website link reference or a copy of audited financial statements is entirely reasonable and appropriate for carriers that have COLR responsibilities to telecommunications customers in the State.

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<sup>8</sup> The Commission notes that no party filed a Motion for Reconsideration of the March 30, 2010 Order.

## **CONCLUSIONS**

The Commission finds it appropriate to adopt the NCTIA's original proposal for Rule R1-32(e1), adopting, however, some of the minor revisions to Rule R1-32(e1) as proposed by the Public Staff. The Commission is adopting Rule R1-32(e1), as follows:

**Rule R1-32(e1)**. In lieu of filing annual report forms furnished or approved by the Commission, or otherwise filing any other information as provided for in Sections (a) through (e) above, incumbent local exchange companies (ILECs) that are price regulated under G.S. § 62-133.5(a), and any carrier electing regulation under G.S. § 62-133.5(h), may instead satisfy all of their annual reporting obligations by providing the following as soon as possible after the close of the calendar year, but in no event later than the 30<sup>th</sup> day of April of each year for the preceding calendar year:

- (1) Publicly traded ILECs may provide the Commission with a link to their annual filings with the SEC;
- (2) ILECs that are not publicly traded may annually file copies of their audited financial statements with the Commission;
- (3) CLPs with COLR responsibilities that are publicly traded may provide the Commission with a link to their annual filings with the SEC; and
- (4) CLPs with COLR responsibilities that are not publicly traded may annually file copies of their audited financial statements with the Commission.

### **ISSUE NO. 2 – ACCESS LINE REPORT FILING REQUIREMENTS** **Matrix Issues 60 and 92**

Matrix Issue 60 concerned Commission Rule R17-2(k) which provides:

By the 15<sup>th</sup> day of each month, each CLP shall file a report with the Chief Clerk reflecting the number of local access lines subscribed to at the end of the preceding month in each respective geographic area served by the CLP, listing separately for business and residential service, the number of local access lines that are providing prepaid local exchange service and the number of local access lines providing traditional local exchange telephone service. Other operating statistics are not required to be filed except upon specific request of the Commission or the Public Staff.

The NCTIA remarked in its Petition that the monthly access line reporting requirement for CLPs, which is the subject of Matrix Issue 60, is effectively identical to the access line reporting requirement for ILECs which is the subject of Matrix Issue 92.

Matrix Issue 92 concerns the Commission's requirement that ILECs file a monthly Station Development Report reflecting business and residential access lines served by the ILEC on an exchange specific basis.

The NCTIA maintained that the revised reporting frequency for access line data as proposed in its Petition would provide the Commission with sufficient access line information from both CLPs and ILECs for the Commission's purposes (for example, TRS funding) and would provide sufficient data from even carriers electing Subsection (h) status. The NCTIA represented that the Public Staff in Docket No. P-100, Sub 165 was already on record as being agreeable to the proposed frequency interval.

The NCTIA therefore recommended:

1. That the Commission amend Rule R17-2(k), as follows, to require that CLPs report total access line data as of June 30 and December 31 of each year:

Rule R17-2(k) By the 15<sup>th</sup> day of each July and January, respectively each month, each CLP shall file a report with the Chief Clerk reflecting the number of local access lines subscribed to at the end of June and the end of December of each year ~~the preceding month in each respective geographic area served by the CLP, listing separately for business and residential service, the number of local access lines that are providing prepaid local exchange service and the number of local access lines providing traditional local exchange telephone service.~~ Other operating statistics are not required to be filed except upon specific request of the Commission or the Public Staff.

2. That the Commission likewise modify its requirements as to the filing of Station Development Reports by all ILECs, which were established by Commission Memorandum, to require that ILECs report their total access lines as of June 30 and December 31 of each year. The ILECs further request that the Commission dispense with the current requirement that they report held order data in the Station Development Report.

In its initial comments, **CompSouth** asserted that while the NCTIA recommendations are, by and large, a good first step, they do not go far enough.

CompSouth supported the NCTIA's recommendations on Rule R17-2(k) but, alternatively, favored the elimination of the access line reporting requirements in their entirety.

The **Public Staff** noted in its initial comments that the NCTIA had requested that the filing requirement in Rule R17-2(k) be modified to require only semiannual filings of total access lines by CLPs as of June 30 and December 31. The Public Staff

commented that the NCTIA also requested that this change be applicable to all CLPs as opposed to only CLPs that have elected Subsection (h) regulation. The Public Staff stated that it did not believe that the Commission should continue to require CLPs to provide on a regular basis reports as to the number of traditional local exchange service customers versus prepaid local exchange service customers. The Public Staff maintained that CLPs, however, should continue to provide access lines by class of service – both business and residence - as well as by geographic area served. The Public Staff argued that such information pertaining to the mix of residential and business access lines in a given geographic area will provide the Commission with information concerning the competitive alternatives in a given area for the general classification of residential and business customers.

Accordingly, the Public Staff recommended that Rule R17-2(k) be revised as follows:

(k) By the 15<sup>th</sup> day of each July and January, each CLP shall file a report with the Chief Clerk reflecting the number of local access lines subscribed to at the end of the preceding month in each respective geographic area served by the CLP, listing separately for business and residential service. CLPs electing regulation under G.S. § 62-133.5(h) are only required to file total access lines. Other operating statistics are not required to be filed except upon specific request of the Commission or the Public Staff.

Further, the Public Staff noted that the NCTIA had requested that the current form of the Station Development Report be changed so that all ILECs would be subject to the same requirement. The Public Staff stated that it did not oppose reducing the number of Station Development Report filings to two per year, such that only access line counts as of June 30<sup>th</sup> and December 31<sup>st</sup> are provided for the Commission's information. Also, the Public Staff did not object to eliminating the requirement that held orders be included in the report. However, the Public Staff stated that it did not believe that any further changes are warranted to the Station Development Report at this time.

**Sprint** stated in its initial comments that it strongly supports the NCTIA's proposed changes to Rule R17-2(k).

**Verizon** maintained in its initial comments that the NCTIA's requests should be granted with certain modifications. With respect to access line reports required under Rule R17-2(k) and Station Development Reports, Verizon praised the NCTIA recommendations as a step in the right direction but submitted that the Commission should go further and eliminate these reports altogether because, in a market that is highly competitive and increasingly deregulated, such reports no longer serve a useful purpose.

In its reply comments, the **NCTIA** generally reiterated its support of its proposals for revision but, in some cases, as a response to the comments of others, advocated certain further revisions.

The NCTIA noted that CompSouth supported the NCTIA's proposed modification of access line reporting but would go a step further and eliminate access line reporting in its entirety. The Public Staff agreed with the revised semiannual interval for access line reporting proposed by the NCTIA but thought that access line data should continue to be reported by class of service and geographic area for CLPs, while the ILECs should continue to provide the same level of detail in their semiannual reports as in the current Station Development Report. Sprint supported the NCTIA proposals on this point, while Verizon proposed that the access line reporting for ILECs and CLPs should be eliminated as serving no useful purpose in a competitive landscape. The DHHS had no objection to the NCTIA proposal to revise reporting requirements. The Public Staff, Sprint, and Verizon all supported the NCTIA's proposal on this point.

In recognition of the competitive reality, the NCTIA revised its recommendation on access line reporting such that ILECs and CLPs alike would report total company access lines at the end of the year only, which the NCTIA argued would be adequate also for TRS surcharge calculations.

The **Public Staff** requested authorization for itself and others to file supplemental reply comments with respect to Matrix Issues 60 and 92, inasmuch as the NCTIA had filed reply comments in which it modified its position as to these issues. The Public Staff stood by its original recommendations.

With respect to Matrix Issues 60 and 92 (Access Line Reports), the Public Staff noted that the NCTIA had modified its recommendation regarding reporting frequency to require reporting of ILEC and CLP access lines annually at the end of the calendar year. The NCTIA's original proposal was that the access line reporting requirements for both CLPs and ILECs be reduced from monthly reports to semiannual reports, a change which the Public Staff had supported. While the Public Staff believes that access line reporting does not provide an entirely accurate picture of the competitive landscape inasmuch as it does not include wireless or VoIP providers, it does allow the Commission to track the state of competition among regulated carriers. The Public Staff asserted that semiannual reporting will reduce the reporting burden on carriers considerably, while still allowing the Commission to monitor the decline in numbers of access lines and the effect of that decline on regulated companies. The Public Staff maintained that it will also help the Commission to ensure the accuracy of line counts provided for Lifeline and Link-Up and the TRS program.

**Verizon** addressed the issue of access line reporting in its supplemental reply comments, noting that the NCTIA, in its reply comments, had acknowledged Verizon's argument that access line reporting was no longer necessary and that the NCTIA had proposed that ILECs and CLPs only be required to report company total access lines on an annual basis. Verizon noted that the Public Staff in its supplemental reply comments disagreed, asserting that ILECs and CLPs should report such data semiannually to enable the Commission to track their access line losses and assist it in verifying line counts for the Lifeline and Link-Up and TRS programs. Verizon argued that requiring only ILECs and CLPs to submit access line reports leads to "an increasingly myopic

view of the industry.” Verizon asserted that, to the extent that the Commission needs additional line count information to support the Lifeline and Link-Up and TRS programs, it can simply ask carriers to provide data narrowly tailored for that purpose. Verizon concluded that, since there is no longer a valid reason for the report, it should be discontinued.

## **DISCUSSION**

The Working Group’s consensus position for Matrix Issue 60 (Rule R17-2(k) for CLPs) in Docket No. P-100, Sub 165 was as follows:

- (i) some form of access line information from Subsection (h) carriers is necessary for certain continuing Commission functions (i.e. TRS fund); and
- (ii) a simpler format and longer filing frequency for Subsection (h) carriers is acceptable. The parties anticipate filing a separate proposal to modify this requirement.

The Commission, in its March 30, 2010 Order, adopted the Working Group’s consensus position on Matrix Issue 60.

Further, the Working Group’s consensus position for Matrix Issue 92 (Station Development Report for ILECs) in Docket No. P-100, Sub 165 was as follows:

- (i) some form of access line information from Subsection (h) entities is necessary for certain continuing Commission functions (i.e. TRS fund). The parties anticipate filing a separate proposal to modify this requirement; and
- (ii) a report by Subsection (h) entities on total access lines as of June 30 and December 31 is acceptable.

The Commission, in its March 30, 2010 Order, adopted the Working Group’s consensus position on Matrix Issue 92.

The NCTIA stated that its Petition represents the filing contemplated in Matrix Issues 60 and 92 in Docket No. P-100, Sub 165 and that the NCTIA is now requesting that the Commission modify the access line reporting requirements as follows:

1. that the Commission amend Rule R17-2(k) to require CLPs to report total access line data as of June 30 and December 31 of each year; and
2. that the Commission likewise modify its requirements as to the filing of Station Development Reports by all ILECs, which were established by

Commission Memorandum, to require that ILECs report their total access lines as of June 30 and December 31 of each year. The ILECs further request that the Commission dispense with the current requirement that they report held order data in the Station Development Report.

The Public Staff asserted in its initial comments that it does not object to the NCTIA's proposed change in frequency of access line reports or allowing the change to be applicable to all CLPs, not just Subsection (h) CLPs. However, the Public Staff stated that it believes that non-Subsection (h) CLPs should continue to report access lines by class of service – both business and residence – as well as by geographic area served. The Public Staff argued that the information pertaining to the mix of residential and business access lines in a given geographic area will provide the Commission with information concerning the competitive alternatives in a given area for the general classification of residential and business customers.

The NCTIA revised its position in its reply comments and proposed that the Commission require ILECs and CLPs to report total access lines at the end of the calendar year only.

The Public Staff stated in its supplemental reply comments that, while the Public Staff agrees with Verizon that access line reporting does not include wireless and all VoIP carriers, it allows the Commission to track the state of competition among regulated telecommunications carriers. The Public Staff asserted that semiannual reporting will reduce the reporting burden considerably, while still enabling the Commission to monitor the decline in numbers of access lines and the effect of that decline on regulated companies. The Public Staff also argued that this information will assist the Commission in ensuring the accuracy of line counts provided for Lifeline and Link-Up and the TRS programs.

The Commission has reviewed all of the filings on this issue and believes that it is appropriate to adopt the NCTIA's original proposals for access line reporting for ILECs and CLPs, revised so that non-Subsection (h) ILECs must continue to provide the same level of detail in the Station Development Report and non-Subsection (h) CLPs must continue to include a break-down of access lines by residential and business access lines and include a count of access lines by geographic area. The Commission notes that, with this change, the regulatory burden placed on ILECs and CLPs for reporting access lines is reduced considerably and that the change will still allow the Commission to collect relevant information. The Commission agrees with the Public Staff that collecting this reduced access line information will allow the Commission to track the state of competition among regulated telecommunications carriers while significantly reducing the regulatory burden placed on these carriers to provide such access line information. The Commission believes that reducing the access line filing requirement from monthly to semiannually represents an appropriate balancing of reducing the regulatory burden placed on ILECs and CLPs while ensuring



that the Commission collects relevant information on the access lines served by wireline public utilities in the State.

Therefore, the Commission finds it appropriate to revise Rule R17-2(k), as follows:

**Rule R17-2(k)**, By the 15<sup>th</sup> day of each July and January, respectively, each CLP shall file a report with the Chief Clerk reflecting the number of local access lines subscribed to at the end of the preceding month in each respective geographic area served by the CLP, listing separately for business and residential service. CLPs electing regulation under G.S. § 62-133.5(h) are only required to file total access lines. Other operating statistics are not required to be filed except upon specific request of the Commission or the Public Staff.

Further, the Commission finds it appropriate to amend the Station Development Report requirements for ILECs such that non-Subsection (h) ILECs should report their total access lines as of June 30 and December 31 of each year at the same level of detail currently provided. Subsection (h) ILECs may report only total access lines as of June 30 and December 31 of each year. However, ILECs are no longer required to report held order data in the Station Development Report.

## **CONCLUSIONS**

The Commission finds it appropriate to amend Rule R17-2(k) as outlined above and to amend the requirements for the Station Development Report as outlined above.

### **ISSUE NO. 3 – QUESTIONS FOR COMPETING CARRIERS (QCCs)**

In its Petition, the NCTIA is requesting that the Commission eliminate the monthly QCC reporting requirement for CLPs. The QCCs are as follows:

1. Is (CLP name) providing telephone exchange service in North Carolina as defined in Section 3 (47) of the Telecommunications Act of 1996 (the Act) but excluding exchange access?
2. Has (CLP name) requested interconnection and signed an agreement with BellSouth<sup>9</sup>? If the answer to this item is yes, please respond to the following questions.

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<sup>9</sup> On December 29, 2006, the merger between AT&T Inc. and BellSouth Corporation closed. As a result of the merger, BellSouth became a wholly-owned, first-tier subsidiary of AT&T Inc. BellSouth Telecommunications, Inc. adopted the AT&T brand name and now does business in North Carolina as AT&T North Carolina.

3. As a competing provider of telephone exchange service, that has an agreement with BellSouth approved under Section 252 of the Act, is (CLP name) providing telephone exchange service to residential customers in North Carolina?
4. As a competing provider of telephone exchange service that has a binding agreement with BellSouth, is (CLP name) providing telephone exchange service to business customers in North Carolina?
5. Is (CLP name) providing such telephone exchange service in North Carolina exclusively over its own facilities?
6. Is (CLP name) providing such telephone exchange service in North Carolina predominantly over its own facilities in combination with the resale of telecommunications from another carrier?
7. How many business customers are served using your own facilities or unbundled elements and when did you begin providing service?
8. How many business customers are served by reselling BellSouth's retail services, and when did you begin providing service?
9. How many residential customers are served using your own facilities or unbundled elements and when did you begin providing service?
10. How many residential customers are served by reselling BellSouth's retail services, and when did you begin providing service?
11. If you are not currently offering local service, when do you plan to begin offering local service?
12. Please provide detailed plans of how you intend to serve business customers using your own facilities or unbundled elements.
13. Please provide detailed plans of how you intend to serve residential customers using your own facilities or unbundled elements.

The NCTIA noted that this issue was not addressed in Docket No. P-100, Sub 165. Rather, it arose under Docket No. P-55, Sub 1022 (BellSouth's Section 271 interLATA long distance proceeding). In Appendix A to its BellSouth Section 271 Order Setting Hearing issued on August 11, 1997, the Commission posed 13 QCCs seeking monthly data to gauge competition between competitive carriers and BellSouth so the Commission could fulfill its consultative role under Section 271(c)(1) of the Telecommunications Act of 1996. Since that time, the Federal Communications Commission has granted BellSouth interLATA authority in North Carolina.

The NCTIA maintained that, since on-going reporting of access line information would continue in a modified way as proposed in its Petition, the Commission should no longer require data in the form of QCCs. The NCTIA asserted that, therefore, the Commission should rescind this requirement.

**CompSouth**, in its initial comments, supported the elimination of the QCCs adopted by the Commission in Docket No. P-55, Sub 1022.

In its initial comments, the **Public Staff** agreed with the NCTIA that the underlying need for this information no longer exists and that CLPs should therefore no longer be required to file monthly reports known as the Questions for Competing Carriers which was established by the Commission in Docket No. P-55, Sub 1022.

**Sprint** stated in its initial comments that it welcomed the elimination or reduction of regulatory reporting requirements, such as those identified by the NCTIA, which have partially or completely outlived their usefulness, especially the QCC reporting requirement.

**Verizon** asserted in its initial comments that the NCTIA's requests should be granted with certain modifications. As for the QCCs, Verizon concurred that this report should be eliminated.

In its reply comments, the **NCTIA** noted that those parties who commented were unanimous as to the elimination of the QCC reporting requirement.

## **DISCUSSION**

The Commission agrees with all of the parties that it is appropriate to eliminate the requirement for CLPs to file the QCCs. Therefore, the Commission rescinds its requirement that CLPs file the QCCs on a monthly basis with the Commission.

## **CONCLUSIONS**

The Commission finds it appropriate to approve the NCTIA's request for the Commission to eliminate the QCC reporting requirement for CLPs. Effective the date of this Order, CLPs are no longer required to file the QCCs adopted by the Commission in Docket No. P-55, Sub 1022.

## **ISSUE NO. 4 – TELECOMMUNICATIONS RELAY SERVICE (TRS) REPORTING REQUIREMENTS**

In its Petition, the NCTIA is seeking certain relief from the monthly reporting requirement relating to the TRS surcharge, which was originally established on

February 5, 1991.<sup>10</sup> The NCTIA noted that ILECs impose a monthly surcharge on each qualified access line for the provision of TRS and remit the surcharge revenues on a monthly basis to the DHHS. The NCTIA further noted that ILECs also file monthly reports with the DHHS, identifying the level of TRS surcharge revenues collected during the reporting period, the number of qualified access lines for which the surcharge is collected, the administrative fees withheld from the revenues collected, and the net amount delivered to the DHHS for the reporting period.

The NCTIA maintained that many CLPs have no qualified access lines to which the TRS surcharge applies. According to the NCTIA, as a result, these CLPs report no TRS surcharge revenues and submit monthly reports indicating such. The NCTIA argued that a waiver to avoid the need to file this report when CLPs have no TRS surcharge revenues, other than a year-end report, would allow these CLPs to avoid the time and expense associated with filing monthly TRS reports when they have nothing to report. The NCTIA argued that, furthermore, DHHS employees would be relieved of the burden of reviewing the reports. Accordingly, the NCTIA requested that the Commission modify the TRS reporting requirements to provide that CLPs which do not serve any customers, or which have no qualified access lines, are excused from filing monthly reports with the DHHS and that these carriers would only have to file a year-end report with the DHHS confirming the same.

**CompSouth** stated in its initial comments that it supported the NCTIA's proposal to modify the TRS monthly reporting requirement.

The **DHHS** stated in its initial comments that it had no objections to that part of the NCTIA's Petition which sought to excuse CLPs which do not serve any customers or which have no qualified access lines from filing monthly reports with the DHHS, while maintaining the annual year-end report from such entities.

The **Public Staff** stated in its initial comments that it did not oppose the NCTIA's request that the TRS reporting requirement established in Docket No. P-100, Sub 110 be modified to provide that CLPs that do not serve any customers or have no qualified access lines are excused from filing monthly reports with the DHHS. The Public Staff noted that, under the NCTIA's proposal, CLPs would, instead, only have to file a year-end report with the DHHS confirming this information.

**Sprint** stated in its initial comments that it welcomed the elimination or reduction of regulatory reporting requirements, such as those identified by the NCTIA, which have partially or completely outlived their usefulness. Sprint specifically endorsed the NCTIA's proposed modification to the TRS-related reporting requirements.

**Verizon** asserted in its initial comments that the NCTIA's requests should be granted with certain modifications. With respect to TRS reports, Verizon concurred that

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<sup>10</sup> Since February 23, 1996, CLPs are required under Rule R17-2(l) to participate in the TRS in accordance with G.S. § 62-157 and other applicable Commission orders, rules, and regulations. Thus, CLPs must also remit surcharge revenues to and file monthly reports with the DHHS.

CLPs should be relieved of this obligation if they have no qualified access lines to which the TRS surcharge applies and that, in such cases, CLPs only be required to file an annual form with the DHHS reporting no surcharge revenues.

The **NCTIA** stated in its reply comments that since no party opposed the NCTIA's proposal in this regard, the Commission should eliminate the monthly TRS reporting requirement for CLPs which have no qualified access lines to which the TRS surcharge applies.

## **DISCUSSION**

The Commission agrees with all of the parties that it is appropriate to modify the monthly TRS reporting requirement for CLPs which have no qualified access lines to which the TRS surcharge applies. Therefore, the Commission finds it appropriate to adopt the NCTIA's proposal wherein CLPs which do not serve any customers, or which have no qualified access lines, are excused from filing monthly reports with the DHHS and that these carriers would only have to file a year-end report with the DHHS confirming the same.

## **CONCLUSIONS**

The Commission finds it appropriate to approve the NCTIA's request as outlined in its Petition to modify the TRS reporting requirements to provide that CLPs which do not serve any customers, or which have no qualified access lines, are excused from filing monthly reports with the DHHS and would only have to file a year-end report with the DHHS confirming the same.

## **MISCELLANEOUS ISSUES**

### **CompSouth**

CompSouth argued in its initial comments that the most notable examples of regulatory imbalance between AT&T and the CLPs are Rule R12 (billing rules) and Rule R9-8 (service quality). CompSouth noted that AT&T was relieved of compliance with Rule R12 and Rule R9-8 in the Commission's March 30, 2010 Order Concerning Working Group Report issued in Docket No. P-100, Sub 165, where it adopted various recommendations of the industry Working Group<sup>11</sup>. CompSouth maintained that this creates, however, a situation in which AT&T does not have to file Service Quality Reports, and thereby is not subject to substantive service quality rules. CompSouth noted that AT&T also is not subject to the various rules and regulations regarding retail billing and collection. CompSouth expressed incredulity that the General Assembly could have intended such a result.

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<sup>11</sup> The Commission notes that the March 30, 2010 Order **only** applied to **Subsection (h)** ILECs and **Subsection (h)** CLPs.

CompSouth even went on to suggest that there may be a constitutional problem under Article I, Sec. 32 of the State constitution forbidding exclusive emoluments with the General Assembly's having enacted a law intended only to benefit AT&T. Given this, CompSouth argued that the only possible construction of Session Law 2011-52, read in light of Session Law 2009-238, is that the General Assembly intended for providers of competitive services to be exempt from retail service regulations, subject to the requirement that they forego universal service funding. CompSouth asserted that since CLPs, typically, are not eligible for funding because they are not ETCs, this intention applies with equal force to CLPs. CompSouth argued that there is no justification for continuing to apply billing rules and service quality requirements to competitive carriers when AT&T is excused from the same requirement.

CompSouth noted that AT&T, as of 2008, had some 1.4 million access lines, representing 46% of the total access lines of ILECs. CompSouth stated that not only are CLP lines by definition competitive, a large percentage of CLP lines are located in AT&T's territory. CompSouth asserted that both of these factors support additional deregulatory relief for CLPs so that AT&T is not in a situation where it has achieved a greater degree of deregulation than those it is competing against.

### **Verizon**

In addition to its comments on the proposals put forth by the NCTIA, Verizon further recommended that the CLPs' quarterly service quality reporting under Rule R9-8 should be eliminated now that AT&T has elected alternative regulation and no longer files these reports. Verizon argued that it makes no sense for CLPs to be subject to greater reporting requirements than AT&T, which is not only an ILEC but the largest wireline carrier in the State. Verizon asserted that since the telecommunications marketplace is so competitive, market forces can be relied upon to drive CLPs to deliver good service quality.

### **NCTIA**

In its reply comments, the NCTIA noted that CompSouth argued that CLPs should not be subject to the billing rules set forth in Rule R12 or the service quality rules set forth in Rule R9-8 because AT&T has been relieved of these obligations by having elected regulation under Subsection (h) of G.S. § 62-133.5. While CompSouth is correct that AT&T is no longer subject to the above rules, the NCTIA noted that CLPs can gain freedom from these requirements by electing Subsection (h) regulation as well. The NCTIA stated that Verizon more modestly advocated the elimination of the quarterly service quality reporting requirements of Rule R9-8. The NCTIA asserted that a CLP can secure the same result by making a Subsection (h) election.

## **DISCUSSION**

The Commission does not find the arguments of CompSouth or Verizon concerning the applicability of Rule R9-8 or Rule R12 to AT&T versus CLPs compelling.

As the NCTIA correctly pointed out, CLPs can secure the same regulatory playing field as AT&T by filing a notice of a Subsection (h) election.

### **CONCLUSIONS**

The Commission concludes that it is not appropriate to adopt the proposal by CompSouth and Verizon that Rule R9-8 and Rule R12 should not apply to CLPs.

IT IS, THEREFORE, ORDERED as follows:

1. That the Commission finds it appropriate to adopt the NCTIA's original proposal for Rule R1-32(e1) with some of the minor revisions as proposed by the Public Staff. Appendix A reflects the new Rule R1-32(e1).

2. That the Commission finds it appropriate to amend Rule R17-2(k) as outlined herein and to amend the requirements for the Station Development Report as outlined herein. Appendix A reflects the new Rule R17-2(k).

3. That the Commission finds it appropriate to approve the NCTIA's request for the Commission to eliminate the QCC reporting requirement for CLPs. Effective the date of this Order, CLPs are no longer required to file the QCCs adopted in Docket No. P-55, Sub 1022.

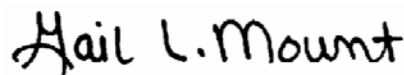
4. That the Commission hereby grants the NCTIA's request to modify the TRS reporting requirement to provide that CLPs which do not serve any customers, or which have no qualified access lines, be excused from filing monthly reports with the DHHS and be required instead to file an annual year-end report with the DHHS confirming their lack of customers or qualified access lines.

5. That the Commission finds it is not appropriate to adopt the proposal by CompSouth and Verizon that Rule R9-8 and Rule R12 should not apply to CLPs.

ISSUED BY ORDER OF THE COMMISSION.

This the 30<sup>th</sup> day of June, 2011.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, flowing style.

Gail L. Mount, Deputy Clerk

bp062911.01

## APPENDIX A

**Rule R1-32(e1)**. In lieu of filing annual report forms furnished or approved by the Commission, or otherwise filing any other information as provided for in Sections (a) through (e) above, incumbent local exchange companies (ILECs) that are price regulated under G.S. § 62-133.5(a), and any carrier electing regulation under G.S. § 62-133.5(h), may instead satisfy all of their annual reporting obligations by providing the following as soon as possible after the close of the calendar year, but in no event later than the 30<sup>th</sup> day of April of each year for the preceding calendar year:

- (1) Publicly traded ILECs may provide the Commission with a link to their annual filings with the SEC;
- (2) ILECs that are not publicly traded may annually file copies of their audited financial statements with the Commission;
- (3) CLPs with COLR responsibilities that are publicly traded may provide the Commission with a link to their annual filings with the SEC; and
- (4) CLPs with COLR responsibilities that are not publicly traded may annually file copies of their audited financial statements with the Commission.

**Rule R17-2(k)**. By the 15<sup>th</sup> day of each July and January, respectively, each CLP shall file a report with the Chief Clerk reflecting the number of local access lines subscribed to at the end of the preceding month in each respective geographic area served by the CLP, listing separately for business and residential service. CLPs electing regulation under G.S. § 62-133.5(h) are only required to file total access lines. Other operating statistics are not required to be filed except upon specific request of the Commission or the Public Staff.