



Copper Loops Retirement Order

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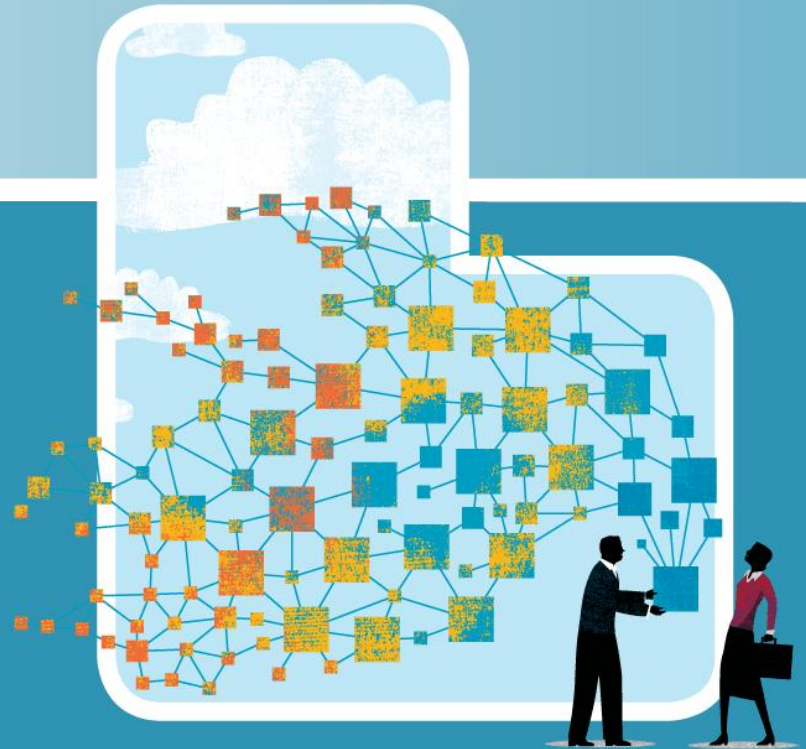
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OBJECTIVES

- High-level summary of the Order.
- Define copper retirement.
- In-depth review of the copper retirement notice rules.
- Gain an understanding of the service discontinuance rules.
- Review accounting treatment under Part 32.

COPPER LOOPS RETIREMENT ORDER



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AT A GLANCE

- Order provides rules for 2 different but related kinds of technology transitions:
 - Retirement of copper *facilities*.
 - Requires notice to affected interconnecting carriers and retail customers.
 - Does not require FCC approval, provided that change in technology doesn't discontinue, reduce, or impair services to end users.
 - Discontinuance of *services* to end users, as a result of copper retirement.
 - FCC approval required, via Sec. 214 process.

AT A GLANCE

- Rules: 47 C.F.R. 51.325(a) and (e), 51.332, and 51.333(b) and (c).
- Effective March 24, 2016
- Exemption – Under Sec 251(f)(1) of the Communications Act, rural telephone companies are exempt from the requirements of Sec. 251(c)(5) which pertains to notice of network changes.

COPPER RETIREMENT DEFINITION



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COPPER RETIREMENT

The removal or disabling of copper loops, subloops, or the feeder portion of such loops or subloops, or the replacement of such loops with fiber-to-the-home loops or fiber-to-the-curb loops.

- *De facto* retirement, i.e., failure to maintain copper loops, subloops, or the feeder portion of such loops or subloops that is the functional equivalent of removal or disabling.

NOTICE REQUIREMENTS



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INTERCONNECTING CARRIER NOTICE REQUIREMENTS

- ILECs required to provide direct notice to each entity within affected service area that directly interconnect with network.
- Notice must include description of any changes in prices, terms, or conditions.
- Notice to be provided at least 180 days prior to planned implementation date.
- In cases where facilities no longer being used to serve any customers (wholesale or retail), 90-day notice applies.

INTERCONNECTING CARRIER NOTICE REQUIREMENTS

- Notice to interconnecting carriers to be provided no later than same date ILEC provides notice to FCC.
- After FCC receives notice of planned copper retirement, it will issue public notice. This initiates 180-day period.
- ILECs required to act in good faith to provide additional information to interconnecting carriers upon request.

RETAIL CUSTOMERS NOTICE REQUIREMENTS

- ILECs must provide at least one direct notice to all retail customers within affected service area.
- Applies only where it will result in involuntary retirement of copper loops.
- Must provide sufficient info to enable customer to make informed decision on whether to continue subscribing to the affected service.

RETAIL CUSTOMERS NOTICE REQUIREMENTS

- Mandatory statements must be made in a “clear and conspicuous” manner.
- Must include statement that customer will still be able to purchase existing service(s) with same functionalities and features.
 - If not true, must identify any changes to the services and their functionalities and features.

RETAIL CUSTOMERS NOTICE REQUIREMENTS

- Must include neutral statement of various service options available to customers affected by copper retirement.
- Cannot include any statement attempting to encourage customer to purchase a service other than the one they currently subscribe to.
 - Prohibition only applies to copper retirement notices.

RETAIL CUSTOMERS NOTICE REQUIREMENTS

- Notice must include toll-free # customers can call to raise questions and a URL for a related web page.
- Notice can be written or electronic (postal mail or e-mail).
- At least 180-days notice for non-residential customers.
- At least 90-days notice for residential customers.

OTHER NOTICE REQUIREMENTS

- Notice must also be sent to governor, state PUC, Dept. of Defense, and Tribal Nations.
 - Occurs at same time as notice to interconnecting carriers, but no later than when notifying FCC.
- No later than 90 days following FCC Public Notice, ILEC must file certificate of service that includes:
 - Statement identifying proposed changes.
 - Name/address of each interconnecting carrier that received notification.
 - Copy of written notice provided to retail customers.
 - The docket number and NCD number assigned by the Commission to the ILEC's notice.
 - Other certifying statements.

SERVICE DISCONTINUANCE RULES



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SERVICE DISCONTINUANCE RULES

- Section 214 Discontinuance Policy
 - FCC must ensure that public is not adversely affected when carriers discontinue, reduce, or impair services on which communities rely
- Carriers must obtain FCC approval
 - Before eliminating a service used as wholesale input if it results in discontinuance, reduction, or impairment of service to end users, including a carrier-customer's end users.
- No FCC Approval
 - If a carrier determines that its discontinuance of a wholesale input will not discontinue, reduce, or impair service to any end users.

SERVICE DISCONTINUANCES

- Carriers must undertake a “meaningful evaluation” of how it will impact end-user customers.
 - Including consultation directly with affected carrier-customers to assess impact on their end users.
- Considers whether replacement wholesale services are available to carrier’s from other sources.
 - If available, end users may not necessarily experience a discontinuance or impairment of service.

REASONABLY COMPARABLE WHOLESALE ACCESS INTERIM RULE

- Requires ILECS seeking approval to discontinue, reduce, or impair a TDM-based service used as a wholesale input to provide competitive carriers with reasonably comparable wholesale access on reasonably comparable rates, terms, and conditions.
- Preserves competitive access while the FCC's special access proceeding remains pending.

REASONABLY COMPARABLE WHOLESALE ACCESS INTERIM RULE

Two categories of service:

1. Special access services at DS1 speed and above.
 2. Commercial wholesale platform services such as AT&T's Local Service Complete and Verizon's Wholesale Advantage.
- Totality of circumstances test for evaluating compliance with the reasonably comparable wholesale access.

TOTALITY OF THE CIRCUMSTANCES

Consideration of the following questions:

- Will Price per Mbps Increase?
- Will a Provider's Wholesale Rates Exceed its Retail rates?
- Will Reasonably Comparable Basic Wholesale Voice and Data Services be available?
- Will Bandwidth Options be Reduced?
- Will Service Delivery or Quality be Impaired?

ACCOUNTING FOR COPPER RETIREMENTS



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ACCOUNTING FOR COPPER RETIREMENTS

- Part 32.2000 (d) – Telecommunications plant retired.
- Retire when permanently unserviceable or is withdrawn for other reason, whether it is replaced or not.
- Credit plant account and debit accumulated depreciation account for original cost of plant (per CPRs).

ACCOUNTING FOR COPPER RETIREMENTS

- Timing of retirements:
 - Entire buildings, CO's, or large sections - recorded in the month the property ceased.
 - Other plant – recorded no later than the next succeeding month.

Thank You

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