



7901 SKANSIE AVENUE,
SUITE 240
GIG HARBOR, WA 98335
TELEPHONE: 253.851.6700
FACSIMILE: 253.851.6474
HTTP://WWW.MILLERISAR.COM

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Regulatory Review

The Miller Isar, Inc. Regulatory Review is a monthly report designed to provide clients with information regarding regulatory and policy matters that may impact their business operations. The Regulatory Review is provided for informational purposes only and does not constitute legal opinion or legal counsel. Source documents cited in the items below may be accessed through the electronic version of the Regulatory Review available at Miller Isar, Inc.'s web site, www.millerisar.com. Comments and suggestions are always welcome.

FEDERAL REGULATORY NEWS

VOIP CALEA SERVICE SECURITY IMPLEMENTATION PLAN DUE MARCH 12.

“Interconnected” Voice over Internet Protocol and facilities-based broadband Internet access providers are reminded that the deadline for submission of provider Service and Security Integrity (SSI) Plans pursuant to Section 105 of the Communications Assistance to Law Enforcement Act (CALEA) is **March 12**. In 2006, the FCC issued two Reports and Orders finding, among other things, that VoIP providers interconnected to the public switched network – “interconnected VoIP” providers, and Internet Service Providers (ISPs) that offer facilities-based broadband access to the Internet, are subject to CALEA. Three key compliance dead lines were established: February 12 – the deadline for filing a compliance status report, FCC Form 445; March 12 – the SSI Plan filing deadline; and May 14, the technical compliance deadline for CALEA compliance. No additional filing is required for the May 14, deadline. The March 12 SSI plan submission date is critical. According to FCC staff, VoIP providers and ISPs found in violation of the SSI submission obligations, may be subject to significant penalties. An overview of CALEA requirements for carriers and providers appears at the FCC’s dedicated CALEA web page, <http://www.fcc.gov/calea/>. The FCC’s Wireline Competition Bureau also maintains a CALEA web page with additional detail for carriers and providers at <http://www.fcc.gov/wcb/iatd/calea.html>. Also see *In the Matter of Communications Assistance for Law Enforcement Act and Broadband Access and Services*, ET Docket No. 04-295, RM-10865, Second Report and Order and Memorandum Opinion and Order, [FCC 06-56](#) (rel. May 12, 2006).

FCC TRENDS IN TELEPHONE SERVICE REPORT RELEASED

The FCC has released its annual Trends in Annual Service Report. The report contains summarizes data appearing in other recurring FCC reports published throughout the year, and is generally responsive to frequently asked questions regarding industry. The report is intended as a resource for consumers, members of Congress, other government agencies, telecommunications carriers, and members of the business and academic communities. The report may be available through this [link](#).

FCC COMMISSIONERS RESPOND TO NEW CONGRESSIONAL SCRUTINY

FCC Commissioners have submitted written responses to a series of [questions](#) regarding Commission policy and direction, posed by U.S. House Energy and Commerce Chair John Dingell (D-MI), and Internet subcommittee chair Edward Markey (D-MA). The questions raise several key issues, including Commission approach to industry mergers such as the recent AT&T, Inc. BellSouth merger, in advance of a Subcommittee on Telecommunications and the Internet February 15, 2007 Hearing regarding “Oversight of the Federal Communications Commission.” The FCC has recently been the subject of increased Congressional scrutiny, following last year’s shift in party majority. The responses reveal current Commission thinking on telecommunications regulation.

[Response of Chairman Martin](#)
[Response of Commissioner Copps](#)
[Response of Commissioner Adelstein](#)
[Response of Commissioner Tate](#)
[Response of Commissioner McDowell](#)

CTIA SEEKS FCC CPNI RULE DELAY

The Competitive Telecommunications Industry Association has asked the FCC to delay action on pending customer proprietary network information (CPNI) regulations to enable further consultation with the Department of Justice. Justice had sought new regulations that would require telecommunications providers to give the FBI and U.S. Secret Service seven days notice of potential CPNI breaches. Notices would enable agencies to determine whether to delay informing subscriber pending agency investigations. Under the pending rules, government agencies could require that subscriber notices be delayed for as long as 30 days. CTIA has argued that the rules, as proposed, could prevent timely notice of significant security breaches in conflict with state laws. CTIA seeks an opportunity to review options with the agencies.

STATE REGULATORY NEWS

ARIZONA, ARKANSAS, IDAHO – LEGISLATURES MULL VOIP 911 FUNDING BILL

The Arizona Senate Finance Committee is considering a new bill, SB 1265, that would impose a monthly \$0.20 fee per line, including interconnected VoIP service “lines” that would fund the state’s 911 services. A similar bill is before the Arkansas Senate Committee on Insurance and Commerce. That bill, SB 326, would impose an \$0.80 surcharge on any service, including VoIP, capable of connecting to 911. In Idaho, HB 123 would impose a \$1.00 per month fee on VoIP providers whose service may be used to dial 911. The bills are consistent with legislation already enacted or being considered in several states.

FLORIDA – COMMUNICATIONS TAX REDUCTION CONSIDERED

The Florida House Committee on Utilities and Telecommunications has unanimously passed through HB 567 which would lower the State’s communications services tax from 9.17% to 8%. The Bill would further lower the general tax on sale of certain intrastate communications services or are charged to a service address in the state from 6.8% to 5.6%. The measure would repeal the authority under which local governments may adopt “emergency rates” exceeding the statutory maximum rates allowed under the local communications services tax, while keeping existing local taxes. HB 567 is intended to lower what is the third largest telecommunications tax in the U.S. If enacted, the tax reduction would apply to bills dated on or after Jan. 1, 2008.

KANSAS – VOIP UNIVERSAL SERVICE FUNDING BILL GOES TO HOUSE

A bill that would include interconnected VoIP as contributors to the State universal service fund (USF) has

passed the Senate Utilities Committee. SB 49 would explicitly add interconnected VoIP providers as contributors to maintain the sustainability of the fund. The Kansas Corporation Commission is also initiating an investigation into interconnected VoIP USF contributions.

KANSAS – LEC PROMOTIONS RULES UNDER HOUSE REVIEW

A new bill that would supplement existing law governing local exchange carrier authority to offer service promotions, is being considered by the Kansas House Committee on Energy and Utilities. HB 2221, would explicitly prohibit any local exchange carrier from offering a promotion that was in anyway discriminatory against those with physical disabilities or would be consider unjust and unreasonable, or preferential.

OHIO – PUCO ADOPTS NEW MTSS RULES

The Public Utilities Commission of Ohio has adopted new Minimum Telecommunications Service Standards (MTSS), which acknowledge the growing level of competition in the State. Among the amendments are rules governing written disclosures and a harmonizing of state slamming rules with federal rules. Other rule amendments address service restoration procedures, subscriber account confirmation procedures, and limitations on service outage credits. Further, new rules require local telephone companies to give customers a 4 hour window for repair and installation appointments; 24 hours notice for missed appointments, while imposing limitations on marketing additional services to the customer during trouble report or payment calls until after the subscriber’s concerns have been addressed; “warm line” requirements to maintain 911 access for 14 days following disconnection; seven days disconnection notice obligations; and requiring billing accuracy. The rules are available at <http://dis.puc.state.oh.us/TiffToPDF/A1001001A07B07B42803I33687.pdf>

OREGON – COMMISSION COULD RECEIVE VOIP COMPLAINT REVIEW AUTHORITY

SB 539, a bill that would give the Oregon Public Utility Commission primary authority in resolving complaints for telecommunications services – or services that are “substituted for telecommunications services” has been introduced in the senate. Under this legislative authority, the Commission would be empowered to review provider terms and conditions, including those applicable to interconnected VoIP services.

MONTANA – PROMOTIONS BILL PASSES HOUSE

The Montana House has passed legislation that expands the types of regulated telecommunications service promotions that may be offered without Public Service Commission

approval. Under HB 244, current regulation requiring advanced Commission notice of promotions for basic local exchange services and service bundles, would be removed. The bill would, however, require that bundled services including an access line and vertical services could not be priced higher than the highest prices for the bundled service's individually priced elements, nor lower than the separate access line rate.

NEW HAMPSHIRE – NEW TRS RATE ADOPTED

The New Hampshire Public Utilities Commission has announced that effective April 1, 2007 the monthly Telecommunications Relay Service (TRS) contribution rate will change from 4 cents per access line to 2 cents per access line. Every local exchange carrier in New Hampshire is required to remit payment to the TRS trust fund by the 20th of each month. Monthly contributions to the fund are calculated based on the number of retail access lines provided to customers multiplied by the TRS rate. Order No. 24,731, which implements the change is available at <http://www.puc.nh.gov/Telecom/clecs.htm>

NEW YORK – BILL WOULD REQUIRE PRORATING CALLS BY THE SECOND

New legislation that would require telecommunications providers to bill end users for measured calls by the second rather than by the minute, has been introduced in the State Legislature. Under AB 4257, measured calls would be billed exclusively for the call's duration. Rounding of call duration in excess of one second rounding would be deemed an excessive charge and unlawful under state law.

SOUTH DAKOTA – GOVERNOR CONSIDERS TARIFF FILING LAW

SB 22, which amends Public Utilities Commission regulations governing tariff filing requirements, has been forwarded to Governor Mike Rounds (R) for consideration. Under the bill, telecommunications providers would be required to file tariffs exclusively for emerging and non-competitive services, while making service rates, terms, and conditions, otherwise available to the public. The bill would also require providers to give 30 days customer notice of changes in rates, terms, and conditions.

WASHINGTON – BILL PROPOSES EXPANSION OF COMPETITIVE SERVICE PROVIDERS FOR COMPETITIVE CLASSIFICATIONS

A bill that would require the Washington Utilities and Transportation Commission to include telecommunications service providers which are not under Commission jurisdiction when considering competitive service classifications has been introduced in the Senate. SB 5888 would allow the Commission to include cable providers and others in its evaluation of market competitiveness when

determining service classification. The bill has been referred to the Senate Committee on Water, Energy, and Telecommunications.

WYOMING – DEREGULATION BILL GETS HOUSE OK

The Wyoming House has passed SB 78, which effectively deregulates Qwest Corporation services and those of other carriers when competition in service markets is determined by the Wyoming Commission. SB would also limit rate increases for basic local service, while providing pricing flexibility in competitive markets, including those where wireless carriers and cable VoIP service providers compete. Qwest would still be required to obtain Commission approval for non-competitive essential services and access charges. Under the bill, Qwest may petition the Commission for alternative regulation, subject to a 180 day approval period.

MARCH REPORTS

FEDERAL REPORTS DUE IN MARCH

Due Date	Jurisdiction	Report Name
March 1	Federal	Local Competition and Broadband Reporting FCC Form 477
March 12	Federal	CALEA SSI Plan for interconnected VoIP and facilities-based broadband ISPs
March 31	Federal	Circuit Status Report
April 1	Federal	Annual USF Report, FCC Form 499A

STATE REPORTS DUE IN MARCH

Due Date	Jurisdiction	Report Name
March	Alaska	Access Minutes Report
March	Alaska	Access Minutes Report
March	Alaska	Carrier and Area Specific Bulk Billed Report
March	Missouri	Relay Missouri Statement
March	Rhode Island	Telecommunication Education Access Fund
March	Rhode Island	Telecommunications Relay Service Report
March 1	Arkansas	Annual "Ad Valorem Tax" Report
March 1	California	Women, Minority and Disabled Veteran Business Enterprises (WMDVBE) Annual Report G.O. 156
March 1	Idaho	ID Universal Service Fund Form
March 1	Illinois	Annual Report on Competition
March 1	Ohio	CLEC Data (Report)
March 10	Alaska	Alaska Telecommunications Relay Services Fund - Remittance of Surcharges Collected

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Due Date	Jurisdiction	Report Name	Due Date	Jurisdiction	Report Name
March 10	Arkansas	State of Arkansas Universal Service Fund	March 20	Alaska	State of Alaska Universal Service Fund Monthly Carrier Remittance Worksheet
March 10	California	Employee Compensation, Dues, and Subscriptions	March 20	Arizona	Arizona Universal Service Fund Carrier Remittance Worksheet
March 10	Georgia	Local Service Indicators Data Requests	March 20	Colorado	CO Telecommunications Relay Service Surcharge
March 10	New York	Service Quality Performance	March 20	Idaho	Idaho Telecommunications Service Assistance Plan (ITSAP)
March 12	California	Combined California PUC Telephone Surcharge Transmittal	March 20	New Hampshire	Telecommunications Relay Service Remittance
March 15	Alabama	Revised Survey of Competitive Local Exchange Carriers	March 20	Pennsylvania	Remittance Form for Monthly Telecommunications Relay Service (TRS) Surcharge Collections
March 15	Florida	Florida Telecommunications Relay, Inc. (FTRI) Monthly Surcharge Collection Report	March 20	Utah	Utah Universal Service Fund Surcharge Remittal Statement
March 15	Georgia	Georgia Telecommunications Relay Service (TRS) Monthly Surcharge Collection Report	March 20	Washington	Telecommunications Relay Service, Washington Telecommunications Assistance Program, and E911
March 15	Kansas	Kansas Universal Service Fund 2004/2005 Wireless and Wireline Carrier Remittance Worksheet	March 21	New York	TAF Adjustment Input Form
March 15	Kentucky	Commonwealth of Kentucky Telecommunications Relay Service Fund Telecommunications Devices for the Deaf Distribution Fund	March 21	New York	Targeted Accessibility Fund Monthly Online Reporting Form
March 15	Kentucky	Commonwealth of Kentucky Universal Service Fund	March 21	Oregon	Residential Services Protection Fund Surcharge Remittance Form
March 15	Nebraska	Nebraska USF & E911 Remittance Worksheet	March 22	Arkansas	Arkansas Intrastate Carrier Common Line Pool Report
March 15	North Carolina	North Carolina Access Line Report - Rule 17-2(K)	March 25	Minnesota	Minnesota Annual 911/TAM/TAP Fees Report Form
March 15	North Carolina	Questions for Competing Carriers Report	March 25	Texas	Texas Universal Service Fund Worksheet
March 15	Oklahoma	Annual Affidavit of Switchless Reseller to the Oklahoma Intrastate High Cost Fund	March 30	Mississippi	Mississippi Dual Party Fund Statement of Revenues
March 15	Oklahoma	Oklahoma High Cost Fund Interexchange Carrier Annual Retail Billed Minutes of Use Report	March 30	Nebraska	State of Nebraska Dual Party Relay Surcharge Form
March 15	Oklahoma	State of Oklahoma Universal Service Fund Carrier Remittance Worksheet	March 30	Tennessee	Wireline Activity Tennessee-CCN Authority
March 15	Pennsylvania	Pennsylvania Universal Service Fund, FY2004 Carrier Remittance Monthly Worksheet	March 30	Vermont	Monthly Disconnect Report
March 15	Puerto Rico	Puerto Rico Universal Service Fund July 2004 - December 2004 Carrier Remittance Worksheet	March 30	Vermont	Vermont Service Quality Performance Index Report
March 15	Rhode Island	E911	March 30	Virginia	Service Quality Report
March 15	South Carolina	The Public Service Commission of South Carolina SC Dual Party Relay System Invoice	March 30	Wyoming	Telecommunication Companies Revenue & Assessment Report (Wyoming Universal Service Fund)
March 15	Vermont	Vermont Universal Service Fund Carrier Remittance Worksheet	March 31	Alaska	Regulatory Cost Charge Annual Report for Telecommunication Intrastate Inter-Exchange Carriers (IXCs)
March 15	Virginia	Telecommunications Relay Service Monthly Report	March 31	Alaska	Regulatory Cost Charge Annual Report for Telecommunication Local Exchange Carriers (LECs)
			March 31	Arkansas	Arkansas Public Service Commission Company Contacts and General Information for Interexchange Carriers and Private Pay Telephone Providers Report on Gross Revenue
			March 31	Arkansas	Arkansas Reseller Shortform

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Due Date	Jurisdiction	Report Name
March 31	Arkansas	Local Telephone Company Annual Report
March 31	California	Estimate of Billing Base Subject to Surcharge
March 31	California	Operational and Financial Information Report
March 31	Colorado	CO High Cost Support Mechanism Worksheet
March 31	Delaware	Annual Gross Revenue Return and Statement of Assessment
March 31	Hawaii	State of Hawaii PSC Annual Report of Resellers and Various Telecommunications Services
March 31	Illinois	Amended and Annual Gross Revenue Return for Public Utilities and Rail Carriers
March 31	Illinois	Annual Report of Certain Telecommunications Carriers
March 31	Indiana	Indiana Utility Regulatory Commission Local Competition Survey
March 31	Kansas	Supply Line Report
March 31	Kentucky	Annual Report
March 31	Kentucky	Kentucky Public Service Commission Report of Gross Operating Revenues Derived From Intra-Kentucky Business for the Year Ending December 31, 20__
		Local Exchange Carriers and Competitive Local Exchange Carriers
March 31	Kentucky	Kentucky Public Service Commission Report of Gross Operating Revenues Derived From Intra-Kentucky Business for the Year Ending December 31, 20__
		Long Distance Carriers and Operator Services
March 31	Louisiana	Service Standard Report
March 31	Maryland	Interexchange Carrier Annual Report
March 31	Maryland	Maryland CLEC Financial Statements
March 31	Massachusetts	Annual Return and Revenue Statement (Combo Return), IPP Revenue Statement (Department of Telecommunications and Energy Annual Report)
March 31	Missouri	Statement of Revenue
March 31	New Hampshire	Annual Quality of Service Report Card
March 31	New Hampshire	CLEC FX Eligibility Report
March 31	New Hampshire	Contact Information Sheet

Due Date	Jurisdiction	Report Name
March 31	New Hampshire	Telecommunications Companies Competitive Local Exchange Carrier/Competitive Toll Provider Annual Report
March 31	New Jersey	Annual Report
March 31	New York	Statement of Gross Intrastate Operating Revenues
March 31	New York	Telecommunications Monitoring Report
March 31	Oregon	Oregon Telephone Assistance Program Reimbursement Form
March 31	Pennsylvania	Development of Assessment Worksheet
March 31	Pennsylvania	Pennsylvania Public Utility Commission Assessment Report
March 31	Puerto Rico	Puerto Rico Telecommunications Reporting Worksheet
March 31	Utah	Competitive Local Exchange Carrier Annual Report
March 31	West Virginia	West Virginia Financial and Statistical Report
March 31	CANADA	CRTC Telecommunications Industry Data Collection, Contribution Collection Mechanism (CCM), (High Cost Funding)
March 31	CANADA	CRTC Telecommunications Industry Data Collection, Financial Statement Forms
March 31	CANADA	CRTC Telecommunications Industry Data Collection, Local and Access
March 31	CANADA	CRTC Telecommunications Industry Data Collection, Long Distance
March 31	CANADA	CRTC Telecommunications Industry Data Collection, Telecom Fees

MILLER ISAR NEWS

Is “intermodal” competition among industry Goliaths a good thing? Ever since former FCC Chairman, Michael Powell, the champion of intermodal competition, first espoused the view – however implicitly - that competition between technologies is “better” than competition within technology segments. I had always had a skeptical, uneasy feeling about his world view. Powell’s, and his successor, Kevin Martin’s, intermodal view has superficial appeal. Well-capitalized companies using competing technologies to deliver everything from communications to content, slugging it out for market share. Makes sense, perhaps, but only to a point. Somehow I just don’t see a world of Wal-Marts, Sears, Targets, Costcos, and other maga retail chains totally eclipsing the local specialized retailer, any more than AT&T, Inc., COMCAST, Time Warner, or Cingular being the end all in telecommunications. But under the intermodal

competition view, it seems that's where we could be headed in what was once the telecommunications industry. An article in a recent *Washington Post* technology section ([STEVEN PEARLSTEIN: Sirius-XM Merger Would Send Wrong Signal](#)) on the Sirius-XM merger confirmed my uneasiness with the intermodal competition world, that perhaps there are many of us who do not see the panacea of mega intermodal competition that the majority FCC Commissioners see (my hope remains that Rob McDowell remains firmly planted in his pro-competitive CompTel roots). According to Pearlstein, "history suggests that one or two of the technologies will eventually prevail by proving itself more effective and efficient. And if one of the survivors is satellite radio, consumers will find themselves worse off because the government had allowed a monopoly." Pearlstein raises some well-reasoned concerns over the satellite radio mega merger that has equal applicability for the intramodal "convergence" we are experiencing in our own industry:

MILLER ISAR, INC. VOIP REGULATORY OVERVIEW

Miller Isar, Inc. with the assistance of The Klein Law Group, PLLC, has developed a VoIP regulatory Overview. The Overview is a detailed compendium of federal and state regulatory requirements applicable to VoIP providers. Nearly 60 pages long, the Overview provides perhaps the most comprehensive summary of VoIP regulation available. To obtain a copy, or additional information, please contact Andrew Isar at 253.851.6700 or aisar@millerisar.com.

MILLER ISAR, INC. ONLINE

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For additional information, please contact Andrew Isar at aisar@millerisar.com, or call 253.851.6700.