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Firm Advisory

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**CALIFORNIA AND TEXAS ESTABLISH
ACCESS RATE CAPS**

California and Texas state regulators have recently established new switched access rate caps for local exchange carriers. This represents the first time such caps have been mandated in California.

The California Public Utilities Commission, by a 5-0 vote, adopted access caps for two mid-sized incumbent carriers and all competitive local exchange carriers (CLECs). The cap will be implemented in two steps. The first step, to be implemented by April 1, 2008, caps the per minute switched access rate at the AT&T California rate of \$0.025.

The second step, to be implemented by November 2, 2008, caps CLEC switched access charges at the higher of AT&T California's or Verizon California's composite switched access rate, plus an additional ten percent. In addition, each individual rate element also is capped at the higher of the AT&T or Verizon rate for the comparable intrastate access charge element, plus ten percent. The rate cap is to be implemented through the filing of advice letters by November 2nd, with the rate change to be effective January 1, 2009.



In Texas, the Public Utility Commission has again reduced access charges for all carriers, following an initial reduction in August 2006. Public Utility Code requires a biennial recalculation of statewide access charges, based on cost data provided by carriers. The new statewide switched access rates are as follows:

- originating carrier common line \$0.0059 (previously \$0.0113);
- local switching rates \$0.0072 (previously \$0.0079);
- originating transport elements \$0.0009 (previously \$0.0011);
- terminating common carrier line rate \$0.0056 (previously \$0.013);
- terminating local switching rate \$0.0072 (previously \$0.0079);
- terminating transport \$0.00092 (previously \$0.00118).

All CLECS are to file updated compliance tariffs or price lists to reflect the new rates immediately if their current rates exceed the new caps.

Please do not hesitate to contact Andrew Isar at 253.851.6700 if you have any questions or would like assistance in implementing the new access caps.

This Advisory is provided for general informational purposes as a courtesy to clients and friends of the firms. While the Advisory is not intended to be and should not be relied upon as legal advice, we would be pleased to provide additional details or advice regarding its application to specific facts and circumstances.