

1991, on their evaluation and determination of a basis for the development of an intrastate access tariff for the Average Schedule Companies.*/

2. The Illinois Small Company Exchange Carrier Association, Inc. (the "ISCECA") is an Illinois not-for-profit corporation, incorporated on October 28, 1988, in compliance with the Commission's Thirty-Seventh Interim Order in Docket No. 83-0142. Its membership includes all Illinois Average Schedule Companies. The ISCECA administers revenue pools for total intrastate traffic-sensitive ("TS") access revenues and for intrastate intra-MSA billing and collection ("B&C") revenues for Average Schedule Companies at the direction, and under the supervision, of the Commission.

3. The ISCECA has developed this Stipulation in discussions with affected primary toll carriers and interexchange carriers. This Stipulation is intended to constitute the report from Average Schedule Companies directed in the Forty-Sixth Interim Order in Docket No. 83-0142.

4. This Stipulation provides for a change in the existing method of determination of the intrastate access revenue requirements of Average Schedule Companies. The existing average

*/ On January 31, 1991, and March 29, 1991, the Illinois Small Company Exchange Carrier Association, Inc., on behalf of the Average Schedule Companies, filed motions with the Commission that respectively requested extensions until March 31, 1991, and until April 30, 1991, of the time within which to submit this report.

schedule formulas being used by Average Schedule Companies are based on message volumes, and cannot be updated. In the interstate jurisdiction, NECA has revised the comparable average schedule formulas to base them on access minutes of use, miles of transport, and other access-based factors. The proposal in this Stipulation would replace the existing intrastate revenue requirements, based on average revenue per message ("ARPM"), with revenue requirements that at any given time would be calculated, and filed with the Commission, based on the NECA average schedule revenue requirement formulas then in effect and on file with the FCC, subject to a downward adjustment of the local switching revenue requirements by one-third (33.3%), intended to account for the transition of intrastate NTS-COE costs to end-users under the Alternate Plan, and to effectively reduce the DEM weighting factor to one. (Exhibit 1 is a summary of the Average Schedule Company revenue requirements currently projected for 1991.) Upon approval by the FCC of a change in the NECA average schedule revenue requirement formulas, the ISCECA average schedule revenue requirements will be updated, and the intrastate local switching ("LS") rate determined hereunder will be suitably adjusted in a filing on thirty (30) days' notice.

5. Under this Stipulation, the LS2 rate for Average Schedule Companies will be increased immediately from the "frozen" 1987 rate of .0095 per access minute of use to .01432 per minute, a rate predicted to yield total revenue equal to the

total adjusted revenue requirement of all Average Schedule Companies, determined as set out in paragraph 4, above. (Exhibit 2 shows the development of the local switching rates specified here.) At the same time, Average Schedule Companies will cease to charge the intrastate intercept access rate element. The intrastate LS1 rate for Average Schedule Companies will be seven and nine-tenths percent (7.9%) less than the currently-effective LS2 rate through June 30, 1991; four percent (4%) less than the currently-effective LS2 rate from July 1, 1991, through June 30, 1992; one-half of one percent (0.5%) less than the currently-effective LS2 rate from July 1, 1992, through June 30, 1993; and equal to the LS2 rate thereafter. Operation of the TS Pool will also be subject to the following Adjustment Analysis. If, at any time, the ISCECA's TS Pool results, as reported to the Commission, show that, over a period consisting of two consecutive calendar quarters, there has been a total surplus of revenues over gross revenue requirement of forty thousand dollars (\$40,000) or more, or that, over a period consisting of two consecutive calendar quarters, there has been a total deficit of forty thousand dollars (\$40,000) or more, the intrastate local switching rate determined hereunder will be appropriately adjusted with a filing on thirty (30) days' notice, based on historical data, to rectify the imbalance. (Exhibit 3 demonstrates the working of the Adjustment Analysis.) No more than one local switching rate adjustment under this Adjustment

Analysis provision will be based on the TS Pool results for any given calendar quarter.

6. The ISCECA has calculated the projected impact of the proposed LS rate changes on interexchange carriers and primary toll carriers that are access charge customers of Average Schedule Companies, and has supplied this projection to each affected company. The projection is attached hereto as Exhibit 4.

7. The ISCECA will administer its TS Pool during the first twelve (12) months after the revenue requirements and rates provided in paragraphs 4 and 5, above, take effect as follows:

For the first such month, any Average Schedule Company whose intrastate TS settlement under the new revenue requirements and rates is less than one-twelfth of its total 1990 intrastate TS settlement, will be paid from the pool, in addition, an amount equal to eleven-twelfths of the difference between the two. For the second such month, any such company will be paid an additional amount equal to ten-twelfths of the difference determined in the same manner as for the first month. For each subsequent month, from the third to the eleventh, any company whose calculated intrastate TS settlement is less than one-twelfth of its total 1990 intrastate TS settlement will be similarly compensated, but with the proportion of the difference paid dropping by an additional one-twelfth for each month, so that for the twelfth month, TS settlements will be based entirely

on the new revenue requirements. The ISCECA will administer the TS Pool, and fund additional payments under this paragraph 6, by reducing TS settlements paid to Average Schedule Companies not entitled to additional payments hereunder in proportion to the excess of each such company's TS revenue requirement over its 1990 intrastate TS settlement.

8. This Stipulation further provides that the revenues of Average Schedule Companies from billing and collection and from special access would be treated on a bill-and-keep basis, not subject to pooling by the ISCECA. The financial effects of placing these charges on a bill-and-keep basis are expected to approximately offset one another. The ISCECA intrastate access tariff would continue to include rates, terms and conditions for both billing and collection and special access.

9. Tariffs reflecting the initial provisions of this Stipulation may be filed immediately upon a Commission Order implementing this Stipulation, to be effective on one day's notice.

10. The terms of this Stipulation have resulted from extensive negotiations among the parties, and it is not intended to represent any party's position on any individual issue, or to constitute a waiver of the position of any party in this Docket or in any subsequent docket. It is the belief of the parties that a need exists, in the context of this Docket, for a workshop-type inquiry into access charge costing and pricing, and

the parties hereby request that the Commission Staff initiate such an inquiry. This Stipulation is being presented to the Commission for adoption in its entirety. If it is not adopted in its entirety, this Stipulation will thereafter be void, and no party will be bound by any of its terms.

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