

Resolution Regarding the June 5, 2002, FCC Order Allowing an Increase in the Subscriber Line Charge

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**WHEREAS**, The Federal Communications Commission (FCC) has jurisdiction over interstate access rates; and

**WHEREAS**, Interstate access rates are a usage-sensitive mechanism employed to recover the interstate-allocated portion of local loop costs; and

**WHEREAS**, The FCC has allowed local telecommunications carriers to recover a portion of the interstate-allocated local loop costs through an alternate mechanism called the Subscriber Line Charge (SLC); and

**WHEREAS**, The SLC is imposed on the basic monthly billings of residential and single-line business customers and is not usage sensitive; and

**WHEREAS**, The FCC has significantly increased the monthly SLC in recent years; and

**WHEREAS**, On June 5, 2002, the FCC voted to further increase the SLC cap to \$6.00 on July 1, 2002 and to \$6.50 on July 1, 2003; and

**WHEREAS**, Residential users must pay this increased SLC even though many make few or no interstate or inter LATA calls; and

**WHEREAS**, The FCC had indicated, when it undertook access charge reform in 2000, that it would require forward-looking cost data to support any additional increases in the SLC cap for

price-cap carriers; and

**WHEREAS**, No such independent cost analysis has been conducted by the FCC in connection with the recent increase in the SLC cap; now therefore be it

**RESOLVED**, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened at its July 2002 Summer Meetings in Portland, Oregon, encourages the Federal Communications Commission to more fully analyze the cost bases supporting its ordered Subscriber Line Charge increases; and be it further

**RESOLVED**, That the Federal Communications Commission should consider and report the universal service effects of increased monthly flat rate charges before it increases any mandatory monthly flat charge; and be it further

**RESOLVED**, That the Federal Communications Commission should fully reconsider any policy that effectively moves price capped carriers' cost recovery from the competitive arena to a charge mandated by regulators; and be it further

**RESOLVED**, That the Federal Communication Commission should measure and report the actual interstate usage of residential customers who are forced to absorb the Subscriber Line Charge increase; and be it further

**RESOLVED**, That the Federal Communications Commission should consider and report on whether the Subscriber Line Charge increase comports with Section 254(g) of the Telecommunications Act of 1996; and be it further

**RESOLVED**, That the General Counsel of the National Association of Regulatory Utility Commissioners (NARUC) shall formally transmit the foregoing requests to the Federal Communication Commission.

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Sponsored by the Committee on Consumer Affairs

Adopted by the NARUC Board of Directors July 31, 2002