

4901:1-7-17**Carrier-to-carrier pricing.****(A) General principles**

- (1) These standards apply to pricing of interconnection, unbundled network elements, methods of obtaining interconnection and access to unbundled network elements (including collocation), and reciprocal compensation pursuant to 47 U.S.C. 251(c) and 251(d)(2), as effective in paragraph (A) of rule 4901:1-7-02 of the Administrative Code. All of these provisions shall be referred to as "elements" for the purpose of this rule.
- (2) An incumbent local exchange carrier's (ILEC's) rates for each element it offers shall comply with the rate structure standards as described in paragraph (B) of this rule.
- (3) The commission, at its discretion in an arbitration proceeding, shall set the ILEC's rates for each element it offers by either:
 - (a) Utilizing interim rates that are based on the best information available to the commission about the ILEC's forward-looking economic costs. Such interim rates shall be subject to a true up pursuant to paragraph (A)(4) of this rule.
 - (b) Pursuant to the forward-looking economic cost-based pricing methodology described in rule 4901:1-7-19 of the Administrative Code.
- (4) The interim rate(s) for an element(s) shall cease to be in effect once the commission determines rates based on forward-looking economic costs pursuant to rule 4901:1-7-19 of the Administrative Code, submitted by the ILEC and approved by the commission. If the interim rate for an element is different from the rate established by the commission pursuant to rule 4901:1-7-19 of the Administrative Code, the involved telephone companies shall make adjustments to the past rate charged for that element which allow each telephone company to be charged at a rate level it would have been charged had the interim element rate equaled the rate later established by the commission pursuant to rule 4901:1-7-19 of the Administrative Code. The involved telephone companies may consider the financial impact of the true up and negotiate the period of time over which the true up takes place.
- (5) Any ILEC offering of a volume discount, term discount, or geographically deaveraged price of an element, shall be made available on a nondiscriminatory basis to all telephone companies who meet the discount or the deaveraging criteria.
- (6) The ILEC shall prove to the commission's satisfaction that the price for each element provided to a requesting telephone company does not exceed the forward-looking economic cost per unit of providing that element unless otherwise negotiated.

- (7) The rate that an ILEC assesses for elements shall not vary on the basis of the class of customer served by the requesting telephone company, or on the type of services that the requesting telephone company purchasing such elements uses them to provide.

(B) Rate structure

- (1) The following rate structure standards shall apply to rates set by the commission in arbitration proceedings pursuant to rule 4901:1-7-09 of the Administrative Code. Local exchange carriers (LECs) are not precluded from negotiating alternative rates or rate structures.

(2) General rate structure standards

The following rate structure standards shall apply regardless of whether the price of an element is set pursuant to a forward-looking cost study or the interim rate approach.

- (a) Rates for an element shall be structured consistent with the manner in which the costs of providing that element are incurred.

(i) Recurring costs shall be recovered through recurring charges, unless an ILEC can prove to the commission's satisfaction that such recurring costs are de minimus when the costs of administering the recurring charges would be excessive in relation to the amount of the recurring costs.

(ii) An ILEC may recover the forward-looking nonrecurring economic costs through recurring charges allocated among requesting telephone companies and spread over a reasonable period of time. The commission on a case-by-case basis shall evaluate the reasonableness of such cost recovery mechanisms.

- (b) The costs of dedicated facilities shall be recovered through flat-rated charges.

(c) The costs of shared facilities shall be recovered in a manner that efficiently apportions those costs among users. Costs of shared facilities may be recovered through either usage sensitive charges or capacity-based, flat-rated charges. The commission shall determine on a case-by-case basis the reasonableness of the proposed cost recovery mechanism.

- (d) An ILEC may establish different rates for elements in at least three defined geographic areas within the state to reflect geographic cost differences. To establish geographically-deaveraged rates, the ILEC

may use its existing density-related zone plans established pursuant to 47 C.F.R. 69.123, as effective in paragraph (A) of rule 4901:1-7-02 of the Administrative Code, other cost-related zone plans established pursuant to state law, or another cost-related zone plan that creates a minimum of three cost-related zones approved by the commission.

(3) Rate structure for specific rate elements

The following element-specific rate structure standards shall apply in addition to the standards set forth in paragraph (B)(2) of this rule.

(a) Local loop costs shall be recovered through flat-rated charges.

(b) Dedicated transmission link costs shall be recovered through flat-rated charges, except for the purpose of establishing a reciprocal compensation rate for providing transmission facilities dedicated to the transmission of traffic between two carriers' networks, which is provided pursuant to paragraph (D)(4)(c) of rule 4901:1-7-12 of the Administrative Code.

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