

A STATUS REPORT ON INTRASTATE
POOLING ARRANGEMENTS AND ALTERNATIVE
TOLL REVENUE DISTRIBUTION MECHANISMS

Jane L. Racster
Senior Research Specialist

THE NATIONAL REGULATORY RESEARCH INSTITUTE
1080 Carmack Road
Columbus, Ohio 43210

February 1986

This report was prepared by The National Regulatory Research Institute (NRRI) with funding provided by participating member commissions of the National Association of Regulatory Utility Commissioners (NARUC). The views and opinions of the author do not necessarily state or reflect the views, opinions or policies of the NRRI, the NARUC, or NARUC member commissions.

TABLE OF CONTENTS

Preface iii

Section

I. Introduction 1

II. Settlement Alternatives. 3

III. Procedures Used By Individual States 5

IV. Summary. 19

PREFACE

In January we brought out a December 1985 report on the National Exchange Carrier Association, its structure and operation. This February publication is a follow-on report on intrastate pooling arrangements and alternative procedures. It contains the results of an Institute survey of state commissions as to what they allow for intrastate toll revenue distribution mechanisms. Responses were received from forty-five states.

Douglas N. Jones
Director
February 1986

I. Introduction

The costs associated with toll calls can be divided into two types: the local exchange company costs and the toll carrier costs. The local costs, which can also be called access costs, include some portion of the costs of local exchange company facilities that are used to originate and terminate the toll calls. The toll carrier costs include switching, transmission, and other costs used to carry the toll call from the originating exchange to the terminating exchange. The access costs can vary greatly among the local exchange companies (LECs), and historically these costs have been averaged on a nationwide basis for interstate toll and averaged on a statewide basis for intrastate toll calls.

Prior to the AT&T divestiture most intrastate toll traffic was carried by the Bell Operating Company (BOC) in each state. The access costs of the local exchange companies were recovered through contract arrangements with the BOC. This was essentially the same structure used for recovering access costs of interstate toll, i.e., the Settlements/Division of Revenues process. All access costs were pooled and distributed back to the individual LECs in accordance with the contract terms.

The divestiture brought many changes in the delivery of intrastate telephone services, and the advent of competitive firms in the interstate toll market brought pressures for further changes in the intrastate markets.

The terms of the divestiture agreement led to the creation of newly defined and enlarged exchange areas called "LATAs"--local access

and transport areas. The BOCs were limited to providing local service and long distance services within the LATAs. The BOCs could not provide long distance services between LATAs. AT&T acquired the BOC facilities used to provide interLATA toll traffic. The divestiture also called for a system of access charges to replace the Division of Revenues process used to allocate toll revenues among companies.

In 1983, the FCC issued its Third Report and Order in Docket 78-72¹ in which it set forth the framework for a system of interstate access charges to replace the existing Settlements/Division of Revenues procedures. Four major types of access charges were defined: end user, carrier common line, traffic sensitive, and billing and collection charges. The FCC ordered the mandatory pooling of the carrier common line charge and allowed for the optional pooling of the other access charge elements. The National Exchange Carrier Association (NECA) was formed to file all common tariffs and to manage and distribute all pooled access charge revenues.²

Since the divestiture agreement required the abolishment of the Division of Revenues agreements between AT&T and the BOCs and their replacement with access charges, the state commissions also had to institute a system of access charges. (Alaska and Hawaii, because they have no Bell Operating Company, did not need to do so.) There are two elements of the access charge decision. One is the definition of the access charges and the second is the form of the settlements arrangement. This report is concerned primarily with the latter. It contains a review of the arrangements currently existing in the various states.

¹MTS/WATS Market Structure, 93 FCC 2d 241 (1983).

²For detailed information on NECA, see: Jane L. Racster, The National Exchange Carrier Association, Inc.: Structure and Operation, (Columbus, Ohio: The National Regulatory Research Institute, December 1985).

II. Settlement Alternatives

There are two major types of mechanisms for settling toll access payments, though variations of each are possible. They are "bill-and-keep" systems and pooling mechanisms. Under a bill-and-keep system, each local company bills the interexchange carrier (IXC) for its access costs and collects the charges from the IXC. Under pooling arrangements a central organization collects the access charges and distributes them to the individual companies.

Pooled access charges imply averaged access costs. This is one way of providing support to companies with very high access costs. By averaging the costs, the number of firms willing to serve high cost areas may be increased. Also, a pool mechanism makes possible the use of a "high cost factor" to provide additional support to the companies with very high costs. (A high cost factor is a mechanism for promoting universal service whereby a small assessment is levied on all customers or toll messages in order to generate a pool of funds for distribution to companies with very high subscriber loop costs.) Averaged access charges, however, mean that the access charges paid by an IXC may not reflect the actual costs of access service in a particular area. Further the rate of return earned by a company on its costs of access may differ from the rate of return earned on facilities used to provide local service. The pooling of access costs promotes averaged toll rates and this, in turn, may promote universal service in those remote, rural, or sparsely populated areas in which toll calls are an integral part of universal service. The pooling arrangement may be a new statewide organization responsible for filing access charges for all LECs and managing and distributing the pool revenues, or it may be operated by one of the major local telephone companies under contract with the other LECs.

A bill-and-keep system is more consistent with cost-based pricing objectives. Each company determines its own access costs and bills the IXC. This is a system that will produce a more market oriented

outcome, and in those areas with large enough markets to support competitive interexchange carriers, bill-and-keep systems will promote competition. However, there is a risk that competitive firms may be discouraged from entering high cost exchange areas when a bill-and-keep system is used. Bill-and-keep systems will also bring pressures for deaveraged toll rates, with rates going down for low cost, high density areas and rates going up for high cost, low density areas. A major difficulty with bill-and-keep systems relates to the need for each company to determine its cost of access. Smaller companies have limited resources with which to do the cost studies and demand forecasts needed to accurately determine their costs. Thus, the risk of miscalculating access costs and, therefore, failing to collect sufficient revenue, is greater.

The National Regulatory Research Institute (NRRI) conducted a telephone survey of the state regulatory utility commissions between November 1985 and January 1986 to identify the types of intrastate toll revenue distribution mechanisms in place at that time. The survey sought information on the mechanisms used for intrastate interLATA toll revenues and for intrastate intraLATA toll revenues. The state commissions were also asked whether facilities-based interLATA and intraLATA competition was authorized. It should be noted that all information in this report on the status of competition in each state refers only to facilities-based carriers. The following section reports the responses to this survey. The states are categorized as those using pooling arrangements, combination mechanisms, or bill-and-keep systems, depending on the type of arrangement used for interLATA toll revenues. While the intraLATA mechanisms are also reported, in many cases they are different than those used for interLATA toll.

Three states--Delaware, Hawaii, and Rhode Island--each have only one local exchange company and therefore have no need for any intrastate settlement arrangements. In several states the existing arrangements are interim, with dockets open to investigate permanent arrangements.

III. Procedures Used by Individual States

Pooling Arrangements

The pooling arrangements vary among the states. Some use essentially the same settlements contracts used prior to the divestiture. Others have moved to a system of access charges which are pooled with the pool managed by the Bell company. Still others, such as Ohio and Illinois have established pool organizations to manage the pooled revenues. Responses from the twenty individual states using pooling arrangements follow. Included in the twenty are seven of the single LATA states that pool intraLATA revenues.

Alaska

Alaska is a single LATA state with no Bell company. The pool is administered by Alascom on a contractual basis. No intrastate competition has been authorized. Alaska has an open docket to determine whether to institute intrastate access charges. This docket also involves making a decision regarding authorizing intrastate competition.

Connecticut

There is a moratorium on intrastate competition until January 1, 1987. In the interim an investigation into the question of competition and related issues is being undertaken.

There are three local exchange companies, Southern New England Telephone Company (SNETCO), Woodbury Telephone, and New York Telephone. SNETCO serves 165 of the 169 exchanges and carries most of the intrastate toll traffic. SNETCO settles with Woodbury Telephone and does the billing for New York Telephone (NYT) and settles on a contract basis with NYT.

Idaho

Idaho uses a system of access charges with pooled revenues. The pool is administered by Mountain Bell. The traffic sensitive rates are based on each company's own costs and are time-of-day sensitive. The costs for average schedule companies are based on an average of the costs of the "cost companies" within the state. (A cost company is a local telephone company that does the necessary analyses and cost studies needed to do the separations procedures based on its own costs.) The nontraffic sensitive costs are assessed among interexchange carriers on the basis of installed capacity measured in voice equivalent channels.

IntraLATA toll revenues are also pooled and the companies settle with Mountain Bell. The settlements are based on costs and traffic. Each company contracts with Mountain Bell on its own. If the parties do not reach agreement the Commission can order the contract terms.

There is currently an open docket on toll settlements in Idaho.

Illinois

Illinois is divided into Market Service Areas (MSAs). Competition is authorized between MSAs. The access charges are pooled and the pool is managed by the Illinois Exchange Carrier Association. The Association is governed by a Board of Directors representing the various local exchange companies. The staff of the Illinois Exchange Carrier Association are employees of local exchange companies on loan to the Association.

Competition within MSAs is not currently authorized and these toll revenues are pooled. Beginning July 1986 one local exchange carrier will be designated the primary toll carrier, and in 1987 facilities-based competition can be authorized within an MSA.

Louisiana

Both InterLATA and intraLATA revenues are pooled. South Central Bell manages the pool. Any excess pool revenues are distributed among the companies on the basis of the number of lines.

Maine

No facilities-based competition has been authorized in Maine, though there is a generic hearing on competition. Intrastate toll revenues are pooled, with New England Telephone managing the pool.

Massachusetts

Massachusetts authorizes interLATA competition and will authorize intraLATA competition beginning December 1, 1986. New England Telephone provides nearly all local exchange service. There are, in addition to New England Telephone, four very small local companies. These companies settle with New England Telephone for both inter-and intraLATA toll revenues.

Michigan

Michigan has authorized interLATA competition and instituted intrastate interLATA access charges. The access charges are pooled and the pool is currently administered by Michigan Bell.

Intrastate toll revenues are also pooled essentially on a settlements basis with Michigan Bell.

Mississippi

Mississippi has two LATAs and authorizes interLATA competition but not intraLATA competition. In both cases toll revenues are pooled on a settlements basis with South Central Bell managing the pool.

Missouri

Missouri has authorized interLATA competition and instituted access charges. The independent local companies concur in Southwestern Bell's access tariff. The revenues are pooled with Southwestern Bell administering the pool. The pool has a Board of Directors with representatives from all telephone companies.

IntraLATA toll revenues are also pooled. This pool is also administered by Southwestern Bell with a Board of Directors representing all companies.

Nevada

Nevada has two LATAs. InterLATA competition is authorized but intraLATA facilities-based competition is not authorized. A pool procedure is used for both interLATA access charges and intraLATA toll settlements.

New Hampshire

New Hampshire is a single LATA state. Intrastate competition has not been authorized. Intrastate toll revenues are pooled on a settlements basis with New England Telephone.

North Carolina

North Carolina has authorized facilities-based interLATA competition. There is currently no authorized intraLATA facilities-based competition. There is only one pool for both intraLATA toll revenues and interLATA access charges. The pool is administered by Southern Bell under contracts negotiated by Southern Bell with the other local exchange carriers.

Ohio

The interLATA access charges and the intraLATA toll revenues are collected and distributed by the same pool. The Ohio pool is administered by Ohio Bell and governed by the Ohio Telecommunications Advisory Board (OTAB). The Board membership consists of one representative from Ohio Bell, one representative from the next three largest local exchange companies, one representative from all other local companies, one member from AT&T, and two members from other interexchange companies. The staff for OTAB are local exchange company employees on full time assignment to OTAB and the expenses are paid from the pool.

The revenue requirement for all companies except Ohio Bell is set equal to the net settlement revenue for 1983. The Ohio Bell revenue requirement was determined from data filed in a 1983 rate case. The pool currently has a surplus above the 1983 revenue requirements of \$72 million. An order is forthcoming on the distribution of excess pool funds. This is a transition plan in place until sufficient data are available to base the rates on individual company costs. The focus during the transition is to make sure the local exchange companies are "made whole" without significant increases in local exchange rates.

South Dakota

South Dakota is a single LATA state. No facilities-based competition has been authorized. Intrastate toll revenues are handled on a settlements basis with Northwestern Bell.

Utah

Utah is a single LATA state and has not authorized facilities-based competition. The intraLATA toll revenues are pooled and settled on a contractual basis with the Bell company.

Utah has recently instituted a change in the procedures for allocating costs to intrastate toll. Over a six year period, the local exchange companies will be phased down from use of the subscriber plant factor (SPF) to subscriber line usage (SLU). This phase down will be accomplished by increasing local rates. The local rates will increase each year (until the phase down is completed) by \$1 per line per month for residences and \$2 per line per month for business plus or minus any change in interstate revenues. That is, the increase in local rates will be net of any change in interstate revenues due to such elements as the High Cost Factor.

Vermont

Vermont is a single LATA state. Intrastate toll revenues are pooled in a voluntary contractual pool administered by New England Telephone.

Washington

Washington has authorized interLATA competition. There is currently a hearing in progress to determine the mechanism for collecting and distributing interLATA access revenues.

IntraLATA toll revenues are pooled and distributed in accordance with intraLATA access charges. There is no true-up procedure. The pool is managed by Pacific Northwest Bell with an advisory committee composed of seven representatives of the various local exchange companies.

West Virginia

InterLATA access charges are pooled and settled on the basis of an interim agreement between the Chesapeake and Potomac Telephone Company of West Virginia (C&P) and the non-Bell companies.

Currently intraLATA toll revenues are pooled. However, C&P has filed a proposed plan to move to a bill-and-keep system with an originating responsibility mechanism. An "originating responsibility plan" is one wherein each local exchange company bills and keeps the revenue from its originating toll traffic. Each local exchange company then bills each of the other companies for carrying and/or terminating their originating calls. Hearings on the issue have been held but no decision has been issued.

Wyoming

Wyoming is a single LATA state. IntraLATA toll revenues are handled on a settlements basis.

States Using a Combination of Pooling and Bill-and-Keep Mechanisms

Six states use both pooling and bill-and-keep for settling interLATA toll. In most cases, traffic sensitive charges are collected on a bill-and-keep basis, and some or all of the nontraffic sensitive charges are pooled. One exception is California, where the two GTE affiliates file and collect their own access charges and the other companies pool the access charges.

Arkansas

Arkansas allows interLATA competition and has established a system of access charges. A combination of pooling and bill-and-keep mechanisms is used. The access charge consists of traffic sensitive charges set at parity with interstate rates, and a flat rate carrier common line charge (CCLC). The CCLC is pooled for all local exchange companies, and the traffic sensitive charges are pooled for those companies that participate in the NECA traffic sensitive pools. For other companies, the traffic sensitive charges are collected on a bill-and-keep system.

Arkansas authorizes intraLATA competition for switching but not for transmission. IntraLATA toll revenues are also pooled. All pools are managed by Southwestern Bell.

California

In California, (as mentioned) all companies except for two GTE affiliates pool the interLATA revenues. The pool is managed by Pacific Bell. The GTE affiliates use a bill-and-keep system.

No intraLATA facilities-based competition has been authorized, and the intraLATA revenues are also pooled essentially on a settlements basis, with Pacific Bell administering the pool.

Kentucky

Kentucky uses both bill-and-keep and pooling for its interLATA access charges. The access charges consist of traffic sensitive and carrier common line charges plus a Universal Local Access Services (ULAS) tariff. The traffic sensitive charges and the CCLC are collected on a bill-and-keep basis. The revenue requirement for the ULAS tariff is equal to that share of the nontraffic sensitive (NTS) costs not recovered from the CCLC. Revenue from the ULAS tariff is pooled.

IntraLATA toll revenues are pooled and distributed on the basis of intraLATA access minutes. South Central Bell manages both the ULAS pool and the intraLATA toll pool.

Oregon

Oregon authorizes both interLATA and intraLATA competition. The same toll revenue mechanisms are used in both jurisdictions. Traffic

sensitive charges are collected on a bill-and-keep basis. There is a Universal Service Fund (1/10 cent per minute) that involves mandatory pooling. Nontraffic sensitive costs in excess of the Universal Service Fund revenues are collected either on a bill-and-keep procedure or through a voluntary pool.

Texas

Interexchange carriers are registered but not regulated in Texas. Therefore, neither interLATA nor intraLATA competition is prohibited. Texas has a combination of bill-and-keep and pooling procedures for interLATA toll revenues. The traffic sensitive access charges and the carrier common line charge are handled on a bill-and-keep basis. In addition, Texas has an interim charge, the Interexchange Carrier Access Charge, designed to replace toll revenue lost due to divestiture, and this charge is pooled. The pools are administered by the Texas Exchange Carrier Association, composed of the local exchange companies. This organization manages the pools and makes recommendations to its members regarding access charges. However, the individual companies file the tariffs.

IntraLATA toll revenues are pooled using the same settlements procedures used in the past.

Wisconsin

Wisconsin uses a bill-and-keep system for interLATA toll. However, there is also minimal pooling for those companies not earning their established revenue requirement. The pool is funded by a per line monthly assessment against all companies. The assessment had been in the amount of nine cents per line per month and dropped to six cents per line per month in 1986.

IntraLATA toll revenues are handled on a settlements basis. In 1984 the settlement amounts were reduced by \$1.00 per line per month and were reduced by another \$.50 per line per month in 1986.

States Using A Bill-and-Keep System

Fifteen states use bill-and-keep mechanisms for interLATA toll, though many of them pool their intraLATA toll. One single LATA state uses bill-and-keep for intraLATA toll and is also reported in this section. Generally, the larger companies file their own access tariffs and the smaller companies concur in the tariffs of one of these companies. In some cases, the state tariffs mirror the interstate tariffs.

Alabama

Alabama uses a bill-and-keep system for interLATA access charges. InterLATA competition is authorized.

No facilities-based intraLATA competition is authorized. IntraLATA access charges are pooled. The charges are developed by first "mirroring" the individual companies interstate rates for all but the carrier common line charge. A company specific CCLC is developed to "make whole" the revenue requirements. The Bell company administers the pooling mechanism. Revenue shortfalls are not made up. However, if there is a residual after the settlements are paid out, it is divided among the local exchange companies based on the number of access lines.

Arizona

Arizona authorizes interLATA competition. The local companies are paid a flat rate charge by the interexchange companies based on the pre-divestiture level of interLATA toll revenues.

IntraLATA toll revenues are distributed by Mountain Bell on a settlements basis.

Colorado

A bill-and-keep system is used for interLATA toll in Colorado. The access charges mirror the interstate charge, except that the CCLC

is altered to reflect state costs. Both Mountain Bell and one large independent Company--Eagle Telecommunications--have filed their own access tariffs. Most other companies concur in one of these, and adjust the CCLC for their own revenue requirement. The average schedule companies--which are served only by AT&T--settle with AT&T on the basis of a flat amount per message.

IntraLATA facilities-based competition has not been authorized. The intraLATA revenues are pooled and the companies settle with Mountain Bell.

Florida

Florida authorizes both interLATA and intraLATA competition. However, each LATA is further subdivided into areas called equal access exchange areas (EAEAs), and facilities-based competition is not allowed within an EAEA. InterLATA revenues are handled on a bill-and-keep basis, with each local exchange carrier billing the interexchange carrier for a capacity charge plus a minutes of use charge.

IntraLATA toll revenues are currently pooled. However, hearings are scheduled in the spring of 1986 to investigate use of a bill-and-keep system for intraLATA toll where there is competition.

Georgia

A bill-and-keep system is used in Georgia for interLATA access revenues.

IntraLATA toll revenues are pooled on a separations/settlements basis with Southern Bell managing the pool.

Indiana

Access charges are collected on a bill-and-keep basis for interLATA toll traffic.

IntraLATA toll revenues are pooled on a settlements basis with Indiana Bell.

Iowa

Iowa does not certify interexchange carriers, therefore competition is allowed for both interLATA and intraLATA toll services. A bill-and-keep system is used for interLATA access charges.

A combination system is currently in effect for intraLATA toll. A bill-and-keep system is used for intraLATA access charges. However, a temporary three year pool exists to aid those companies facing very high increases in local rates due to a loss of settlements revenue. This year payments will be made to companies whose local rates will rise more than \$3.00 per line per month. Next year the cap rises to \$4.00 and in the third year it rises to \$5.00. At the end of the third year the pool will not exist. The pool is funded by a small monthly assessment on all local companies on a per line basis.

Kansas

Kansas allows interLATA competition and has instituted a system of state access charges. A bill-and-keep system is used for toll revenues. The three largest companies--Southwestern Bell, United Telephone Company, and Continental Telephone Company--have filed their own access charges. The other local companies concur in the tariffs of one or another of these companies.

No intraLATA competition has been authorized. IntraLATA toll revenues are pooled. A new organization, the Kansas IntraLATA Toll Pool, has been instituted. The pool is administered by Southwestern Bell. A steering committee sets pool policy. This committee consists of one representative each from Southwestern Bell, United, and Continental, and four representatives from the other thirty-six companies.

Minnesota

Minnesota allows interLATA competition. A system of access charges is in place for interLATA toll and they are handled on a bill-and-keep basis.

IntraLATA competition was authorized in an order released in November 1985. Currently, intraLATA toll is handled on a separations and settlements basis. However, a proceeding is underway to investigate the use of access charges for intraLATA toll.

Nebraska

Nebraska has authorized interLATA competition and instituted carrier access charges. A bill-and-keep system is used to collect the access charges.

IntraLATA toll revenues are pooled essentially on a settlements basis with Northwestern Bell managing the pool.

New Jersey

InterLATA access revenues are on a bill-and-keep system in New Jersey.

IntraLATA toll revenues currently are being pooled. However, negotiations are underway between New Jersey Bell and the other companies to go to a bill-and-keep system. The negotiations are not yet complete.

New Mexico

New Mexico is a single LATA state. A system of access charges has been instituted on a bill-and-keep basis, using an originating responsibility plan. During 1986, each local company will bill-and-keep its access charges and will also receive a percentage of the revenues it previously received in settlements. Beginning January 1987, all companies will receive only their billed access charges.

North Dakota

North Dakota has not authorized interLATA competition, but has established a system of access charges. The access charges are collected on a bill-and-keep basis.

Beginning in 1986, access charges will also be instituted for intraLATA toll. A transition plan will be in effect wherein each local company will bill-and-keep its own access charges, but there will be a true-up at the end of the year.

South Carolina

South Carolina has authorized interLATA competition. A system of access charges is in place and they are collected on a bill-and-keep basis.

InterLATA toll revenues are pooled. One competitive carrier had been authorized prior to the drawing of LATA boundaries. That carrier may compete for intraLATA toll, but other intraLATA competitive facilities-based carriers have not been authorized.

Tennessee

Tennessee, with interLATA toll competition, uses a bill-and-keep system for interLATA toll. South Central Bell filed an access tariff and the other companies use the same tariff except for the carrier common line charge, which is adjusted to meet each company's revenue requirements.

There is no authorized intraLATA competition, and these revenues are pooled. South Central Bell administers the intraLATA toll pool and receives a management fee for doing so. There are intraLATA access tariffs and each local company receives revenue from the pool in

accordance with these tariffs. Any residual revenue is distributed to the individual companies based on the number of access lines.

One exception exists for United Intermountain Telephone. This company is in a LATA by itself and, therefore, does not participate in the intraLATA pool.

Virginia

Virginia has a bill-and-keep system for interLATA access charges.

IntraLATA toll revenues are handled by way of an originating responsibility plan. Each exchange company bills and keeps its toll revenue and pays access charges to the terminating company. There is currently no intraLATA competition, but hearings have been held on the issue and a decision is pending.

IV. Summary

The following table summarizes the results of the NRRRI survey. Responses were received from forty-five states. Three of the states have only one local exchange company and the issue of pooling does not arise. Therefore, no data is reported for these three states. An additional eight states are single LATA states and the question of interLATA competition does not apply. Of the remaining thirty-four states, thirty-one of these reported that they authorize (or do not prohibit) facilities-based interLATA competition. In contrast, only seven states--Iowa, Minnesota, New Mexico, Ohio, Oregon, Texas and Washington --authorize intraLATA competition. In addition to these seven, Florida allows intraLATA competition between equal exchange access areas but not within the EAEAs, Arkansas allows intraLATA competition for switching but not for transmission, South Carolina has one competitor whose authorization was granted prior to the determination of LATA boundaries, and Massachusetts will authorize intraLATA competition beginning December, 1, 1986.

TABLE

INTRASTATE TOLL REVENUE DISTRIBUTION MECHANISMS USED IN EACH STATE,
AS OF JANUARY 1986

State	InterLATA Procedures				IntraLATA Procedures			
	Authorized* Competition	Pool Revenues	Combi- nation	Bill and Keep	Authorized* Competition	Pool Revenues	Combi- nation	Bill and Keep
Alabama	Yes			X	No	X		
Alaska	Single LATA State				No-Open Docket	X		
Arizona	Yes			X	No	X		
Arkansas	Yes		X		No-Switching			
California	Yes		X		Yes-Transmission	X		
Colorado	Yes			X	No	X		
Connecticut	No	X			No	X		
Delaware	Only One Local Exchange Company							
Florida	Yes			X	Yes-only between EAEAs**	X		
Georgia	Yes			X	No	X		
Hawaii	Only One Local Exchange Company							
Idaho	No Ruling	X			No (Within MSAs)	X		
Illinois	Yes (between MSAs)	X			No	X		
Indiana	Yes			X	No	X		
Iowa	Yes			X	Yes			X
Kansas	Yes			X	No	X		
Kentucky	Yes		X		No	X		
Louisiana	Yes	X			No	X		
Maine	Single LATA State				No	X		
Maryland	N/A							
Massachusetts	Yes	X			Beginning 12/86	X		
Michigan	Yes	X			No	X		
Minnesota	Yes			X	Yes	X		
Mississippi	Yes	X			No	X		
Missouri	Yes	X			No	X		
Montana	N/A							
Nebraska	Yes			X	No	X		
Nevada	Yes	X			No	X		
New Hampshire	Single LATA State				No	X		
New Jersey	Yes			X	No	X		
New Mexico	Single LATA State				Yes			X
New York	N/A							
North Carolina	Yes	X			No	X		
North Dakota	No			X	No		X	
Ohio	Yes	X			Yes	X		
Oklahoma	N/A							
Oregon	Yes		X		Yes		X	
Pennsylvania	N/A							
Rhode Island	Only One Local Exchange Company							
South Carolina	Yes			X	Yes-1 Competitor Only	X		
South Dakota	Single LATA State				No	X		
Tennessee	Yes			X	No	X		
Texas	Yes (Not prohibited)		X		Yes (Not Prohibited)	X		
Utah	Single LATA State				No	X		
Vermont	Single LATA State				No	X		
Virginia	Yes			X	Decision Pending			X
Washington	Yes	Hearing in Progress			Yes	X		
West Virginia	Yes	X			No	X		
Wisconsin	Yes		X		No	X		
Wyoming	Single LATA State				No	X		

Source: NRRRI Telephone Survey, November 1985 - January 1986

Note: N/A means not available

* Refers only to facilities-based competition

**Equal Access Exchange Areas

***Market Service Areas

Twelve states pool their interLATA toll, fifteen use bill-and-keep, and six use a combination. One state (Washington) has hearings in progress on this question. All but five of the states use pooling for intraLATA toll. There is a variety of pool mechanisms in place ranging from the well-known settlements systems to more elaborate organizational structures for the pooling of access charges.

Given the dynamics of the matter, these results represent the situation only for a moment in time. Many states have open dockets on these issues and others have transitional plans in place. It is likely that the activity at the federal level regarding new proposals for alternative methods of recovering interstate NTS costs may lead to further change in the existing intrastate mechanisms.