

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
REVISIONS TO TARIFF F.C.C. NO. 5
ETS TERM DISCOUNT PLAN FIXED RATE OPTION
Transmittal No. 1285

1. Introduction

This tariff filing modifies existing regulations in the Ethernet Transport Service Term Discount Plan (ETS TDP) to introduce rates and regulations for the new ETS Term Discount Plan Fixed Rate Option (ETS FRO). The ETS FRO provides the ETS TDP customer with stabilized rates for all ETS services that will not change during the customer's ETS term commitment period. An ETS FRO is only available in the serving territories of Telephone Companies listed as offering the ETS Term Discount Plan in Section 17.3.10(A)(1) and the ETS FRO in Section 17.4.8(C)(9). Telephone Companies not listed in the tariff as plan participants for the ETS Term Discount Plan and the ETS Fixed Rate Option cannot offer ETS FRO stabilized rates to their customers.

This tariff filing is being made to allow tariff participants to respond to RFPs from existing customers and to attract new high speed broadband access customers who are willing to make long term commitments in return for rate stability. NECA also anticipates this filing will help stimulate demand from middle mile service providers, wireless carriers seeking backhaul transport options and other enterprise customers requiring high speed connections to broadband networks.

2. Proposed Tariff Provisions

Where offered, the ETS FRO is available as an option for customers subscribing to an ETS TDP. Stabilized monthly and nonrecurring charges for the following ETS elements are included in the ETS FRO: ETS Basic and Interconnection Ports; ETS Channel Terminations; ETS Ethernet Virtual Connections (EVCs); ETS Extended-EVCs; ETS Interconnected-EVCs; and ETS MultiMedia-Virtual Circuit Channels. The rates for these service elements within the ETS FRO apply in lieu of the standard, non-stabilized nonrecurring and monthly recurring rates specified in Sections 17.4.8(C)(1) through (C)(6) of the tariff. The proposed rates for the first ETS FRO offer (i.e., ETS FRO Plan 1) will be the same as the non-stabilized ETS nonrecurring and monthly recurring rates scheduled to be in effect on September 1, 2010 as referenced in Section 3 below. All applicable current discounts and provisions related to the ETS Term Discount Plan will apply to the ETS FRO Plan 1 rates.

Rates in ETS FRO Plan 1 will not change during the customer's commitment period, regardless of changes to the standard, non-stabilized tariff rates or a change in a participating Telephone

Company's Local Transport/Special Access rate band assignment. The ETS FRO Plan 1 rates provided will apply throughout the ETS TDP's customer term commitment period (i.e., 36 or 60 months) unless the customer discontinues its ETS TDP prior to the expiration of its term commitment period. An ETS TDP customer can subscribe to the ETS FRO Plan 1 through June 30, 2011, after which time the ETS FRO Plan 1 will be closed to new subscriptions. NECA expects that additional ETS FRO plans will be filed with the FCC over time to reflect new rates effective with subsequent annual access charge filings.

To obtain the ETS FRO Plan 1 rates, a new ETS TDP customer must subscribe to either a 36 month or 60 month term commitment under the ETS TDP with the fixed rate option by notifying the participating Telephone Company in writing. An existing ETS TDP customer with non-stabilized rates may obtain the ETS FRO Plan 1 rates by: 1) notifying the participating Telephone Company in writing that it wishes to subscribe to a new term commitment of either 36 or 60 months under the ETS TDP with the fixed rate option and 2) satisfying the provisions for replacement of its existing ETS Term Discount Plan. The Access Order Charge does not apply to establish or discontinue an ETS FRO.

At the end of the ETS TDP commitment period, the customer may: 1) subscribe to a new ETS TDP with fixed rates if an ETS FRO plan has been established and is available at that time; 2) subscribe to a new ETS TDP at the current non-stabilized rates; or 3) revert to the current non-stabilized rates. If the customer does not notify the Telephone Company of its choice by the end of the term commitment period, then the Telephone Company will automatically convert the customer's ETS billing to the current non-stabilized rates specified in Sections 17.4.8(C)(1) through (C)(6).

A customer discontinuing its ETS TDP with fixed rates must comply with all the requirements stated in the terms and conditions for its ETS TDP, including payment of any applicable minimum period, discontinuance and/or shortfall charges. Minimum period, shortfall and/or discontinuance charges for an ETS FRO Plan 1 customer resulting from any changes, replacements, or discontinuances requested by the customer will be calculated using the rates established in the ETS FRO Plan 1.

3. Proposed Rates and Charges

Monthly and nonrecurring charges for all ETS elements in the ETS FRO Plan 1 filing are identical to the monthly and nonrecurring charges currently scheduled to be in effect as of September 1, 2010 as specified in Sections 17.4.8(C)(1) through (C)(6) of Tariff F.C.C. No. 5.

4. Revenue, Cost and Demand Support

The unit costs for most ETS rate elements can be found in the *2010 Annual Filing*¹, except the unit costs for ETS CTs less than or equal to 300 feet and ETS Basic Ports. Unit costs for those two rate elements were updated by a recent Rate Development Task Force investment study conducted in support of recently filed rate revisions for these rate elements.² In all instances, the proposed ETS FRO Plan 1 rates exceed unit costs.

NECA expects *de minimis* impacts on demand during the remaining months of the current tariff test period since only a limited number of Telephone Companies have expressed an interest in offering the initial ETS FRO offer. And, no change is expected in projected revenues for the service because the proposed rates for the ETS FRO Plan 1, when they become effective, will be identical to the non-stabilized ETS rates in effect on September 1, 2010.

NECA will monitor demand for the ETS FRO Plan 1 option and normalize any adverse impacts of its use on pooled earnings. For example, if the standard, non-stabilized rates for ETS increase, NECA will calculate overall pool earnings as if the standard, non-stabilized ETS rates were in effect for all ETS FRO Plan 1 customers and reflect any revenue shortfalls as adjustments to the settlements of those tariff participants offering the ETS FRO Plan 1.

¹ See National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1278, filed June 16, 2010 (*2010 Annual Filing*).

² See National Exchange Carrier Association, Inc., Revisions to Tariff F.C.C. No. 5, ETS Basic Port and Channel Termination Rate Reductions, Transmittal No. 1284, filed August 25, 2010.