

**NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.**  
**REVISIONS TO TARIFF F.C.C. NO. 5**  
**ETHERNET TRANSPORT SERVICE**  
**TRANSMITTAL NO. 1468**  
**DESCRIPTION AND JUSTIFICATION**

## **1. Introduction**

The National Exchange Carrier Association, Inc. (NECA) is modifying Tariff F.C.C. No. 5 Ethernet Transport Service (ETS) Access Service provisions associated with the installation of ETS Multi Media Virtual Circuit Channels (ETS MM-VCCs). This modification eliminates the Access Order Charge (AOC) associated with new orders for ETS MM-VCCs.

This change is being made to reflect the elimination of the need to process complex access orders related to the installation of ETS MM-VCCs. Lower overall costs are achieved due to increased use of automated ordering and installation systems by member companies to implement customer requests for ETS MM-VCCs. This change will help member companies to stimulate subscriber broadband demand.

## **2. Proposed Tariff Modifications**

The proposed tariff modification eliminates the AOC associated with the ordering of an ETS MM-VCC. ETS MM-VCCs are commonly used by an ETS customer to cost effectively send and/or receive high speed multimedia transmissions to/from its subscribers whose premises are equipped with tariffed Asymmetric/Symmetric Digital Subscriber Line (A/SDSL) services. The proposed change applies to both the one-way and two-way ETS MM-VCC options.

The proposed modification is the result of a Rate Development Task Group (RDTG)<sup>1</sup> study of ordering and provisioning activities associated with ETS MM-VCCs, which indicated costs for both order processing and provisioning have been reduced through use of electronic systems. A nonrecurring charge applies for each ETS MM-VCC established by the Telephone Company, which as indicated in Section 3 recovers all related ordering and provisioning costs.

## **3. Revenue and Demand Support**

In the study mentioned above, RDTG members reported the amount of time devoted to order processing and provisioning activities for ETS MM-VCCs. The results indicated the existing ETS MM-VCC non-recurring charge would recover the cost of order processing and

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<sup>1</sup> The Rate Development Task Group is a group of selected participants in the NECA Traffic Sensitive (TS) and Common Line (CL) Pools. Other companies may participate as associates to the RDTG on an ad hoc basis. NECA uses the RDTG to develop cost characteristics representative of pooling companies and to facilitate the rate development process and provide supporting information for NECA tariff filings.

provisioning activities. Exhibit 1 shows how NECA arrived at the proposed ETS MM-VCC non-recurring cost. Line 1 displays the Basic Hourly Labor Rate, which is taken from the *2015 Annual Access Tariff Filing*.<sup>2</sup> The average time for order processing and provisioning is .096 hour, displayed on Line 2. NECA multiplied this value by the labor rate on Line 1 to arrive at the non-recurring cost of \$6.09 on Line 3. Because NECA's current non-recurring charge rate of \$7.00 for the ETS MM-VCC recovers the non-recurring cost displayed, NECA proposes to leave the non-recurring charge rate unchanged. Based on data in NECA's demand collection instruments, NECA expects the revenue impact of the proposed tariff modification for the remainder of the 2015-2016 tariff test period to be de minimis.

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<sup>2</sup> See NECA Tariff F.C.C. No. 5, Transmittal No. 1455 (filed June 16, 2015) (*2015 Annual Access Tariff Filing*)

**OCTOBER 28, 2015 NECA ACCESS CHARGE FILING  
ETHERNET TRANSPORT SERVICE  
NON-RECURRING COSTS**

**EXHIBIT 1**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>SOURCE</b>	<b>AMOUNT</b>
1	Basic Hourly Labor Rate	NECA 2015 ANNUAL FILING; V5 EX 2 WP 1	\$63.42
ETS Multimedia Virtual Circuit Channel			
2	Labor Hours Required per Multimedia VCC	Footnote 1	0.096
3	Multimedia VCC Non-Recurring Cost	Line 1 * Line 2	\$6.09

<sup>1</sup> Based on 2015 RDTG Labor Rate, Access Order and Provisioning Study, NECA estimated average time consumption per subscriber for ETS MM-VCC access order processing plus provisioning.