

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
ACCESS TARIFF REVISIONS
TARIFF F.C.C. NO. 5
TRANSMITTAL NO. 1522
DESCRIPTION AND JUSTIFICATION

1. Introduction

This tariff filing modifies existing regulations in the Ethernet Transport Service Term Discount Plan (ETS TDP) to introduce rates and regulations for ETS Term Discount Plan Fixed Rate Option (ETS FRO) Plan 4. ETS FRO Plan 4 provides the ETS TDP customer with stabilized monthly rates for ETS services during the customer's ETS term commitment period. ETS FRO Plan 4 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 Plan 4 in Section 17.4.8(C)(9)(d)(i).

This tariff filing is being made to establish a new ETS FRO Plan 4 to reflect rates in effect as of July 1, 2017. An ETS TDP customer can subscribe to ETS FRO Plan 4 through June 30, 2018, after which time it will be closed to new subscriptions. ETS FRO Plan 4 will allow tariff participants to respond to Requests for Proposals 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.

2. Proposed Tariff Provisions

Where offered, ETS FRO Plan 4 is available as an option for customers subscribing to an ETS TDP. Stabilized monthly rates for the following ETS elements are included as listed in ETS FRO Plan 4: ETS Basic and Interconnection Ports; ETS Channel Terminations; ETS Ethernet Virtual Connections (EVCs); ETS Extended-EVCs; ETS Interconnected-EVCs; ETS Class of Service, ETS Low Bit Rate Virtual Circuit Channels (VCCs); ETS MultiMedia-VCCs; ETS Port Protection and ETS Bandwidth Add-On. The rates for these service elements within ETS FRO Plan 4 apply in lieu of the standard monthly rates specified in Sections 17.4.8(C)(1) through (6) of the tariff. All applicable current discounts and provisions related to the ETS TDP will apply to ETS FRO Plan 4 rates.

The stabilized monthly rates included in ETS FRO Plan 4 will not change during the customer's commitment period, regardless of changes to the standard tariff rates or a change in a participating Telephone Company's Ethernet Transport Service rate band assignment. The ETS FRO Plan 4 rates will apply throughout the ETS TDP customer's 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.

NECA expects additional ETS FRO plans will be filed with the FCC over time to reflect new rates effective with subsequent annual access charge filings.

3: Proposed Rates and Charges

The stabilized monthly rates for the ETS elements specified in ETS FRO Plan 4 are identical to the monthly rates in effect as of July 1, 2017, as specified in Sections 17.4.8(C)(1) through (6) of Tariff F.C.C. No. 5.¹ The Telephone Company's current Ethernet Transport Service rate band assignment is used in ETS FRO Plan 4.

4: Revenue, Cost, and Demand Support

The unit costs for all ETS rate elements can be found in the *2017 Annual Filing*.² The proposed rates are above the corresponding unit costs of the average pool company.

NECA expects *de minimis* impacts on demand during the current tariff test period since only one Telephone Company has expressed interest in offering ETS FRO Plan 4. No change is expected in projected revenues for the remainder of the 2017/2018 test period for this service because the proposed monthly rates for ETS FRO Plan 4 will be identical to the standard monthly ETS rates in effect as of July 1, 2017.

NECA will monitor demand for ETS FRO Plan 4 and normalize any impacts of its use on pooled earnings. For example, if the standard monthly rates for ETS increase, NECA will calculate overall pool earnings as if the standard monthly ETS rates were in effect for all ETS FRO Plan 4 customers and reflect the revenue shortfall as an adjustment to the settlements of those member companies that may offer ETS FRO Plan 4.

¹ See National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1519, filed June 16, 2017 (*2017 Annual Filing*).

² See *2017 Annual Filing*, Volume 5, Exhibit 7, Workpapers 14-20.