

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

ACCESS TARIFF REVISIONS TARIFF F.C.C. NO. 5
TRANSMITTAL NO. 1529

Description and Justification

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I. INTRODUCTION AND SUMMARY

On March 30, 2016, the Federal Communications Commission (FCC) released its Universal Service Fund Rate of Return Reform Order¹. NECA's filing on December 19, 2016² reassigned costs from the special access category to the new Consumer Broadband-Only Loop (CBOL) category in common line using the FCC estimation method.³ NECA also introduced regulations and rates for company-specific CBOL charges. NECA's *2017 Annual Filing*⁴ modified company-specific CBOL charges and underlying data, and became effective as scheduled. NECA also made a *July 17 Filing*⁵, an *August 17 Filing*⁶ and a *September 18 Filing*⁷ to further modify CBOL charges for certain carriers. Those filings became effective as scheduled.

This filing is an update to the *September 18 Filing*. It adds three study areas to the CBOL tariff; modifies CBOL rates for a handful of carriers requesting either voluntary reductions or modified broadband-only loop demand; removes one carrier from the CBOL tariff based on its private carriage

¹ See Connect America Fund; ETC Annual Reports and Certifications; Developing a Unified Intercarrier Compensation Regime, WC Docket No. 10-90, WC Docket No. 14-58 and CC Docket No. 01-92, Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087 (2016) (*USF RoR Reform Order*).

² National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1503 (filed Dec. 19, 2016) (*December 19 Filing*).

³ 47 C.F.R. § 69.311 and 69.416

⁴ National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1519 (filed Jun. 16, 2017) (*2017 Annual Filing*).

⁵ National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1521 (filed Jul. 17, 2017) (*July 17 Filing*).

⁶ National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1524 (filed Aug. 17, 2017) (*August 17 Filing*).

⁷ National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1527 (filed Sep. 18, 2017) (*September 18 Filing*).

notice; and includes one A/SDSL rate band reassignment. This filing is scheduled to be effective on November 1, 2017. Updated cost and corresponding updated revenue requirement shifts from special access to the CBOL category result in a *de minimis* net effect to remaining Common Line and Special Access rates, which continue to target the authorized 10.75 percent rate of return as documented in NECA's 2017 Annual Filing.

Coincident with this filing, NECA is amending its 2017 Annual Filing to include updated CAF BLS Tariff Review Plan (TRP) data. The CAF BLS TRP has been modified to include any updated CBOL demand and associated cost shifts described below.

II. REVENUE REQUIREMENT CHANGES

For those companies participating in NECA's Common Line (CL) pool with updated CBOL demand in this filing, the cost of consumer broadband-only loops removed from TS special access was determined by using either the surrogate estimation set forth in sections 69.311 and 69.416 of the Commission's rules, or their estimated actual costs pertaining only to broadband transmission rates to avoid distortive effects on other special access revenue requirements and rates, pursuant to the *March 20, 2017 Waiver Order*.⁸ Study area data relying upon that waiver can be identified in the CAF BLS TRP via an indicator in the column labeled "Waiver" with a value of "Yes".

Along with cost shifts documented in previous filings, additional CBOL costs of \$1.08M were removed from the Traffic Sensitive pool for three rate-of-return cost companies with broadband-only demand that currently participate in NECA's DSL tariff. The projected amount of CBOL costs removed

⁸ *Connect America Fund*, WC Docket No. 10-90, *ETC Annual Reports and Certifications*, WC Docket No. 14-58, *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Second Cost Surrogate Waiver Order, 32 FCC Rcd. 1953 (2017) (*March 20, 2017 Waiver Order*).

from the TS special access category for the July 1, 2017 – June 30, 2018 test period now totals \$61.9M for the cost study areas in NECA's DSL tariff.

Additional CBOL revenue requirement of \$1.08M was assigned to the CBOL category in CL for three study areas with CBOL demand changes since the *September 18 Filing*. The 2017-2018 test period CBOL revenue requirement now totals \$142.3M excluding Universal Service Contributions for the 232 NECA CL cost and average schedule pool participants that have opted to have NECA tariff their CBOL rates.

III. TARIFF RATE CHANGES

A. CHANGES TO CBOL TARIFF

NECA calculated new CBOL charges for three study areas in accordance with section 69.132 of the Commission's rules using certified broadband-only data. These study areas chose to tariff a CBOL charge lower than the calculated CBOL charge. Seven study areas currently in the CBOL tariff have also chosen to charge lower than their respectively calculated CBOL charges. This filing removes one study area from the CBOL tariff based on the company's GN Docket No. 14-28 private carriage notice filed with the Commission on August 29, 2017, resulting in a total of ten study areas with new or modified CBOL rates in this filing.

In conjunction with prior filings, 151 study areas have elected to have NECA tariff a CBOL charge lower than the calculated maximum CBOL charge. The tariffed monthly CBOL charges for these study areas range from \$0.00 to \$85.95. Study areas are required, however, to impute revenues at the calculated maximum CBOL charge for the purposes of reporting CAF BLS data to USAC and for pool settlement

distribution and support true-up calculations. The imputed projected CBOL revenues for July 1, 2017 through June 30, 2018 for 232 study areas participating in NECA's CL pool now amount to \$87.5M.

The 2017/2018 test period CAF BLS broadband-only support for 232 common line pool study areas that have currently opted to have NECA tariff their CBOL is projected to be \$78.9M prior to implementation of the \$250/line/month cap and effects of the Budget Control Mechanism (BCM).

B. RATE BAND REASSIGNMENT

This filing includes a rate band reassignment for one study area from their current A/SDSL data-only rate band to rate band 1, to reflect updated data.