

**AMERITECH OPERATING COMPANIES (AMERITECH)**  
**DESCRIPTION AND JUSTIFICATION**  
**NOVEMBER 27, 2017**  
**TRANSMITTAL NO. 1865**

**PURPOSE**

With this filing, Ameritech proposes to implement the new productivity offset (X-factor) adopted by the Commission in its Business Data Services Order FCC No. 17-43 (the “*Order*”), released April 28, 2017, and pursuant to DA 17-1009, released October 13, 2017. The *Order* established the X-factor at 2 percent for end user channel terminations and their associated miscellaneous services in non-competitive counties, which will adjust price cap indexes (PCI) to account for productivity gains. Also, Ameritech is removing all demand that has been deemed competitive pursuant to the *Order*; i.e., all mileage, multiplexing, POP channel termination and End User channel terminations in competitive counties.

**DEMAND REMOVAL**

2016 Special Access Base Period demand has been adjusted to only reflect that demand for End User Channel Terminations and their miscellaneous services in non-competitive counties. End-User services were identified by their Servicing Wire Center (SWC) and were mapped to their specific counties. Ameritech used the Public notice released on May 15, 2017 to determine the non-competitive county designation.

## **PCI DEVELOPMENT**

A GDPPI factor of 1.5385%, which was used the 2017 Ameritech Annual TRP filing was used in calculating the PCIs as directed by the 2017 BDS Order.

## **PRICE CAP COMPLIANCE**

The implementation of the GDPPI-X causes the API to exceed the PCI, therefore rate offsets are necessary to ensure that the API remain below the Price Cap Index (PCI) as indicated on the IND-1 form of the Tariff Review Plan (TRP). Exhibit 1 demonstrates those rate changes.