

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

ACCESS TARIFF REVISIONS TARIFF F.C.C. NO. 5
TRANSMITTAL NO. 1558

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 and introduced regulations and rates for company-specific CBOL charges. NECA's 2018 Annual Filing³ modified company-specific CBOL charges and underlying data, and became effective as scheduled. NECA also filed further modifications to CBOL charges for certain carriers in the July 17 Filing⁴, the August 17 Filing⁵, and the September 17 Filing⁶.

This filing is an update to the September 17 Filing. It adds ten study areas to the CBOL tariff; modifies the tariffed CBOL rate for fifteen study areas making voluntary rate increases or decreases; and updates the A/SDSL data-only rate band for one study area. This filing is scheduled to be effective on November 1, 2018. Updated cost and corresponding updated revenue requirement shifts from special

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 National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1549 (filed Jun. 18, 2018) (*2018 Annual Filing*).

⁴ National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1541 (filed Jul. 17, 2018) (*July 17 Filing*).

⁵ National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1544 (filed Aug. 17, 2018) (*August 17 Filing*).

⁶ National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1546 (filed Sep. 17, 2018) (*September 17 Filing*).

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 10.50 percent rate of return as documented in NECA's 2018 Annual Filing.

Coincident with this filing, NECA is amending its 2018 Annual Filing to include an updated CAF BLS Tariff Review Plan (TRP). The CAF BLS TRP has been modified to include any revised 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 was transferred from TS special access to the CBOL element in common line consistent with Part 36 and Part 69 cost allocation rules as directed in the *February 16, 2018 Order*⁷.

Net CBOL costs of \$0.5M were removed from the Traffic Sensitive pool for three rate-of-return cost study areas with broadband-only demand that currently participate in NECA's DSL tariff. The projected amount of CBOL costs removed from the TS special access category for the July 3, 2018 – June 30, 2019 test period totals \$104.4M for the cost study areas in NECA's DSL tariff.

A net CBOL revenue requirement of \$3.8M was added to the CBOL category in CL for ten study areas with CBOL demand changes since the 2018 Annual Filing. The 2018-2019 test period CBOL revenue requirement now totals \$256.6M for the 315 NECA CL cost and average schedule pool participants that have opted to have NECA tariff their CBOL rates effective with this filing.

⁷ See *February 16, 2018 Order* ¶ 9. See also 47 C.F.R. § 69.311 and 69.416.

III. TARIFF RATE CHANGES

A. CHANGES TO CBOL TARIFF

NECA calculated new CBOL charges for nine study areas receiving legacy support in accordance with section 69.132 of the Commission's rules using certified broadband-only data. Four of these study areas chose to tariff a CBOL charge lower than the calculated maximum CBOL charge. Five study areas chose to tariff at the calculated maximum CBOL rate. One study area receiving model based support chose to enter the CBOL tariff. The calculated maximum CBOL charge was recalculated for one study area with revised CBOL demand, but the study area chose to charge the same tariff rate as is currently tariffed. Thirteen study areas receiving legacy support requested a voluntary rate increase and one requested a voluntary rate decrease to a rate between their currently tariffed rate and their calculated maximum CBOL rate. One study area receiving model based support requested an increase to its CBOL rate, resulting in a total of twenty-five study areas with new or modified CBOL rates in this filing.

In conjunction with prior filings, 253 study areas have elected to have NECA tariff a CBOL charge lower than the maximum calculated CBOL charge. The tariffed monthly CBOL charges for these study areas range from \$0.00 to \$87.00. 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 3, 2018 through June 30, 2019 for 315 study areas participating in NECA's CL pool now amount to \$154.0M.

The 2018/2019 test period CAF BLS Broadband-only support for 315 common line pool study areas that have currently opted to have NECA tariff their CBOL is projected to be \$156.1M prior to implementation of the \$250/line/month cap and effects of the Budget Control Mechanism (BCM).

Concurrent with this filing, NECA is filing a modification to the *2018 Annual Filing* which includes a revised CAF BLS TRP data file. Required carrier certifications of CAF BLS data are contained in Exhibit 4.

B. DSL 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.