

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

ACCESS TARIFF REVISIONS TARIFF F.C.C. NO. 5
TRANSMITTAL NO. 1596

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 *2019 Annual Filing*² 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 mid-monthly filings each month since the annual filing.

This filing is an update to the *December 2019 Filing*³. It adds six study areas to the CBOL tariff and reflects a CBOL demand change for one additional study area. This filing is scheduled to be effective on February 1, 2020. 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 10.25 percent rate of return as documented in NECA's *2019 Annual Filing*.

Coincident with this filing, NECA is amending its *2019 Annual Filing* to include updated CAF BLS TRP data. The CAF BLS TRP has been modified for the revised CBOL demand and associated cost shifts described below. No changes were made to the originally transmitted CAF ICC TRP other than to reflect today's resubmission.

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. 1579 (filed Jun. 17, 2019) (*2019 Annual Filing*).

³ National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1593 (filed Dec. 17, 2019) (*December 2019 Filing*).

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 Traffic Sensitive (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*⁴.

Net CBOL costs of \$1.0M were removed from the Traffic Sensitive pool for four 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 2, 2019 – June 30, 2020 test period now totals \$173.8M for the cost study areas in NECA's DSL tariff.

A net CBOL revenue requirement of \$1.0M was added to the CBOL category in CL for four study areas with CBOL demand changes since the last filing. The 2019-2020 test period CBOL revenue requirement now totals \$342.7M for the 304 NECA CL cost and average schedule pool participants that have opted to have NECA tariff their CBOL rates effective with this filing.

III. CHANGES TO CBOL TARIFF

Six study areas were added to the CBOL tariff. NECA calculated new CBOL charges for three study areas receiving legacy support in accordance with section 69.132 of the Commission's rules using certified broadband-only data. One of these study areas chose to tariff a CBOL charge lower than the calculated maximum CBOL charge. One study area receiving legacy support reported revised demand but

⁴ See *February 16, 2018 Order* ¶ 9. See also 47 C.F.R. § 69.311 and 69.416.

elected not to change its currently tariffed CBOL rate. Three study areas receiving model based support chose to enter the CBOL tariff, resulting in a total of six modified CBOL rates in this filing.

In conjunction with prior filings, 270 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 \$57.80. Study areas may be 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 2, 2019 through June 30, 2020 for 304 study areas participating in NECA's CL pool now amount to \$129.9M.

The 2019/2020 test period CAF BLS Broadband-only support for 304 common line pool study areas that have currently opted to have NECA tariff their CBOL is projected to be \$213.2M prior to implementation of the Budget Control Mechanism or \$225/line/month cap.

Concurrent with this filing, NECA is amending the *2019 Annual Filing* to include updated Tariff Review Plan (TRP) CAF BLS data. Required carrier certifications of CAF BLS data are contained in Appendix D Exhibit 4.