

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

ACCESS TARIFF REVISIONS TARIFF F.C.C. NO. 5  
TRANSMITTAL NO. 1610

Description and Justification

TABLE OF CONTENTS

- I. Introduction and Summary
- II. Revenue Requirement Changes
- III. Tariff Rate and TRP Changes
  - A. Changes to CBOL tariff
  - B. Changes to ARC rates
  - C. Merging Study Areas
  - D. FUSC Exception Rates

## I. INTRODUCTION AND SUMMARY

On March 30, 2016, the Federal Communications Commission (FCC) released its Universal Service Fund Rate of Return Reform Order<sup>1</sup>. NECA's *2020 Annual Filing*<sup>2</sup> modified company-specific CBOL charges and underlying data, and became effective as scheduled.

This filing is an update to the *2020 Annual Filing*. It adds seven study areas to the CBOL tariff, and reflects a CBOL rate change for two additional study areas. This filing reflects voluntary reductions to ARC, EUCL and/or FUSC charges as described in Sections III.B and III.D. This filing also reflects tariff rate changes resulting from two merging study areas as described in detail in Section III.C. This filing is scheduled to become effective on August 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 10.00 percent rate of return as documented in NECA's *2020 Annual Filing*.

Coincident with this filing, NECA is amending its *2020 Annual Filing* to include updated CAF BLS TRP and CAF ICC TRP data. The CAF BLS TRP has been modified for the revised CBOL demand and associated cost shifts described below. The CAF ICC TRP has been modified to reflect the correction described in Section III.B and the effects of two merging study as described in Section III.C.

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<sup>1</sup> 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*).

<sup>2</sup> National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1607 (filed Jun. 16, 2020) (*2020 Annual 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 would be 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*<sup>3</sup>.

Net CBOL costs of \$1.3M were removed from the Traffic Sensitive pool for two 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 2020/2021 test period now totals \$229.9M for the cost study areas in NECA's DSL tariff.

A net CBOL revenue requirement of \$3.0M was added to the CBOL category in CL for seven study areas with CBOL demand changes since the last filing. The 2020/2021 test period CBOL revenue requirement now totals \$517.9M for the 325 NECA CL cost and average schedule pool participants that have opted to have NECA tariff their CBOL rates effective with this filing.

## III. TARIFF RATE AND TRP CHANGES

### A. CHANGES TO CBOL TARIFF

NECA calculated new CBOL charges using certified broadband-only data for seven study areas receiving legacy support in accordance with section 69.132 of the Commission's rules. All seven study areas chose to tariff a CBOL charge lower than the calculated maximum CBOL charge.

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<sup>3</sup> See *February 16, 2018 Order* ¶ 9. See also 47 C.F.R. § 69.311 and 69.416.

Two study areas receiving model based support requested to increase their CBOL charge, resulting in a total of nine modified CBOL rates in this filing.

In conjunction with prior filings, a total of 308 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 \$50.59. 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 1, 2020 through June 30, 2021 for 325 study areas participating in NECA's CL pool now amount to \$210.3M.

The 2020/2021 test period CAF BLS Broadband-only support for 325 common line pool study areas that have currently opted to have NECA tariff their CBOL is projected to be \$326.6M prior to implementation of the Budget Control Mechanism or \$225/line/month cap.

Concurrent with this filing, NECA is amending the *2020 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.

## B. CHANGES TO ARC RATES

This filing corrects the tariffed residential ARC rate for one study area to accurately reflect the amount of local flat charges underling the Residential Rate Ceiling and ARC calculations<sup>4</sup>, resulting in a decrease in the Residential Access Recovery Charge (ARC) to \$0.00. Updated ARC revenues and CAF ICC support amounts are reflected in the resulting CAF ICC TRP included in the amendment to the *2020*

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<sup>4</sup> See 47 C.F.R. § 51.915(b)(12) and 51.915(e)(5)(iii).

*Annual Filing*. NECA will file that modified spreadsheet with USAC concurrently with this filing.

Required carrier certifications of CAF ICC data are contained in Appendix D.

In addition, this filing implements the voluntary reductions of ARC and/or EUCL charges for two study areas.

C. MERGING STUDY AREAS

The revised CAF ICC TRP included in the amendment to the *2020 Annual Filing* also reflects required data updates associated with two merging study areas addressed in an Order granting the carriers' waiver petition<sup>5</sup>. Required carrier certifications of CAF ICC data are contained in Appendix D. The revised CAF BLS TRP is not affected by the merger as both merging study areas receive model based support.

This filing modifies various sections of Tariff F.C.C. No. 5 to reflect the Order regarding the waiver petition to merge Absaraka Cooperative Telephone Company, Inc. (study area code 381601) with Inter-Community Telephone Company, L.L.C. (study area code 381616). Specifically, this filing deletes tariffed rates for Absaraka Cooperative Telephone Company, Inc. and modifies switched access rate band assignments for the survivor Inter-Community Telephone Company, L.L.C.

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<sup>5</sup> See Connect America Fund, Developing a Unified Intercarrier Compensation Regime, Petition of Inter-Community Telephone Company, LLC for Waiver of Sections 51.909(a), 51-917(b)(1) and 51.917(b)(7) of the Commission's Rules to modify access rate bands and charges, and 2011 Base Period Revenue in connection with merger of affiliated study areas in North Dakota, WC Docket Nos. 10-90, 19-283, 19-332, and CC Docket No. 01-92, Order, DA 20-217, (rel. March 3, 2020).

D. FUSC EXCEPTION RATES

This filing implements the decision of one study area to forego recovering its contributions to the Universal Service Fund through a FUSC surcharge on end user revenues. Section 17.1.3 (C) has been added to Tariff F.C.C. No. 5 to list any study area opting to charge less than the FUSC Surcharge Factor listed in Section 17.1.3 (A).