

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

ACCESS TARIFF REVISIONS TARIFF F.C.C. NO. 5
TRANSMITTAL NO. 1638

Description and Justification

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I. INTRODUCTION AND SUMMARY

NECA's *2021 Annual Filing*¹ modified company-specific charges, underlying data and resulting estimated Universal Service support (CAF BLS and CAF ICC) amounts, and became effective on July 1, 2021 as scheduled. NECA files further modifications to some charges for certain carriers in mid-monthly filings after the annual filing.

This filing is an update to the *2021 Annual Filing*. It adds six study areas to the CBOL tariff and modifies the DSL voice-data rate band for one study area. 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 9.75 percent rate of return as documented in NECA's *2021 Annual Filing*.

Coincident with this filing, NECA is amending its *2021 Annual Filing* to include updated CAF BLS Tariff Review Plan (TRP). The CAF BLS TRP has been modified for the revised CBOL demand and associated cost shifts described in Sections II and III.

This filing also introduces Ethernet Transport Service Fixed Rate Option (ETS FRO) Plan 8 as described in section IV. This filing is scheduled to become effective on July 31, 2021.

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 is transferred from Traffic Sensitive (TS) special access to the CBOL element in common line consistent with Part 36 and Part 69 cost

¹ National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5, Transmittal No. 1635 (filed Jun. 16, 2021) (*2021 Annual Filing*).

allocation rules as directed in the *February 16, 2018 Order*.² The net CBOL revenue requirement was added to the CBOL category in CL for any study area with CBOL demand changes since the last filing.

Net CBOL costs of \$1.4M 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 1, 2021 – June 30, 2022 test period now totals \$306.1M for the cost study areas in NECA's DSL tariff.

A net CBOL revenue requirement of \$4.4M was added to the CBOL category in CL for five study areas with CBOL demand changes since the last filing. The 2021/2022 test period CBOL revenue requirement now totals \$708.4M for the 337 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 UPDATES

A. CBOL UPDATES

NECA calculated new CBOL charges for five study areas receiving legacy support in accordance with section 69.132 of the Commission's rules using certified broadband-only data and the *June 3, 2021 BCM Order*³ which eliminated the application of the budget control mechanism on CAF BLS support for the 2021/2022 test period. Two of these study areas chose to tariff a CBOL charge lower than the calculated maximum CBOL charge. One additional study area receiving model based support chose to enter the CBOL tariff, resulting in a total of six modified CBOL rates in this filing.

² See *Connect America Fund*, WC Docket No. 10-90, *ETC Annual Reports and Certifications*, WC Docket No. 14-58, *Developing a Unified Intercarrier Compensation*, CC Docket No. 01-92, Second Order on Reconsideration and Clarification, 33 FCC Rcd. 2399 (2018) (*February 16, 2018 Order*) ¶ 9. See also 47 C.F.R. § 69.311 and 69.416.

³ *Connect America Fund*, WC Docket No. 10-90, Order, FCC 21-67 (rel. June 3, 2021) (*June 3, 2021 BCM Order*).

In conjunction with prior filings, 120 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 \$42.00. 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, 2021 through June 30, 2022 for 337 study areas participating in NECA's CL pool now amount to \$275.9M.

The 2021/2022 test period CAF BLS Broadband-only support for 337 common line pool study areas that have currently opted to have NECA tariff their CBOL is projected to be \$442.9M prior to the implementation of the \$200/line/month cap.

B. DSL VOICE-DATA RATE BAND REASSIGNMENT

This filing also includes a rate band reassignment for one study area from their current A/SDSL voice-data rate band from rate band 39 to rate band 35, to reflect updated data affecting that rate. NECA projects this change will have a de minimis effect on pool earnings for the remainder of the test period.

C. CAF BLS TRP UPDATE

Concurrent with this filing, NECA is amending the *2021 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.

IV. ETS FRO PLAN 8

A. INTRODUCTION

This filing introduces rates and regulations for ETS FRO Plan 8. ETS FRO Plan 8 provides Ethernet Transport Service Term Discount Plan (ETS TDP) and Ethernet Transport Service Port Term Discount Plan (ETS PTDP) customers with stabilized monthly rates for ETS services during the customer's ETS term commitment period. ETS FRO Plan 8 is only available in the serving territories of Telephone Companies listed as offering Term Discount Optional Rate Plans in Section 17.3.10(A)(1) and ETS FRO Plan 8 in Section 17.4.8(C)(9)(h).

This tariff filing establishes a new ETS FRO Plan 8 reflecting rates in effect as of July 1, 2021. ETS TDP and ETS PTDP customers can subscribe to ETS FRO Plan 8 through June 30, 2022, after which time it will be closed to new subscriptions.⁴ ETS FRO Plan 8 will allow tariff participants to respond to Requests for Proposals from existing customers and to attract new high-speed broadband access customers who are willing to make long term commitments in return for rate stability.

B. PROPOSED TARIFF PROVISIONS

Where offered, ETS FRO Plan 8 is available as an option for customers subscribing to an ETS TDP or ETS PTDP. Stabilized monthly rates for the following ETS elements are included as listed in ETS FRO Plan 8: ETS Basic and Interconnection Ports; ETS Channel Terminations; ETS Ethernet Virtual Connections (EVCs); ETS Extended-EVCs; ETS Interconnected-EVCs; ETS Class of Service; ETS Low Bit Rate Virtual Circuit Channels (VCCs); ETS MultiMedia VCCs; ETS Port Protection and ETS Bandwidth Add-On. The rates for these service elements within ETS FRO Plan 8 apply in lieu of

⁴ NECA expects additional ETS FRO plans will be filed with the FCC over time to reflect new rates effective with subsequent annual access charge filings.

the standard monthly rates specified in Sections 17.4.8(C)(1) through (6) of the tariff. All applicable current discounts and provisions related to the ETS TDP and the ETS PTDP will apply to ETS FRO Plan 8 rates.

The stabilized monthly rates included in ETS FRO Plan 8 will not change during the customer's commitment period, regardless of changes to the standard tariff rates or a change in a participating Telephone Company's ETS rate band assignment. The ETS FRO Plan 8 rates will apply throughout the ETS TDP or ETS PTDP customer's term commitment period (i.e., 36 or 60 months) unless the customer discontinues its ETS TDP or ETS PTDP prior to the expiration of its term commitment period.

C. PROPOSED RATES AND CHARGES

The stabilized monthly rates for the ETS elements specified in ETS FRO Plan 8 are identical to the monthly rates in effect as of July 1, 2021, as specified in Sections 17.4.8(C)(1) through (6) of Tariff F.C.C. No. 5.⁵ The Telephone Company's current ETS rate band assignment is used in ETS FRO Plan 8.

D. REVENUE, COST AND DEMAND SUPPORT

The unit costs for the average pool company for all ETS rate elements can be found in the *2021 Annual Filing*.⁶ The proposed rates are above the corresponding unit costs.

NECA expects *de minimis* impacts on demand during the current tariff test period since only one Telephone Company has expressed interest in offering ETS FRO Plan 8. No change is expected in projected revenues for the remainder of the 2021/2022 test period for this service because the proposed

⁵ See *2021 Annual Filing*.

⁶ See *2021 Annual Filing*, Volume 5, Exhibit 7, Workpapers 10-17.

monthly rates for ETS FRO Plan 8 will be identical to the standard monthly ETS rates in effect as of July 1, 2021.

NECA will monitor demand for ETS FRO Plan 8 and normalize any impacts of its use on pooled earnings. For example, if the standard monthly rates for ETS increase, NECA will calculate overall pool earnings as if the standard monthly ETS rates were in effect for all ETS FRO Plan 8 customers and reflect the revenue shortfall as an adjustment to the settlements of those member companies that offer ETS FRO Plan 8.