

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

ACCESS TARIFF REVISIONS TARIFF F.C.C. NO. 5
TRANSMITTAL NO. 1668

Description and Justification

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I. INTRODUCTION AND SUMMARY

NECA's *2022 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, 2022 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 *2022 Annual Filing*. It adds two study areas to the CBOL tariff. 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 *2022 Annual Filing*. This filing also introduces Ethernet Transport Service Fixed Rate Option (ETS FRO) Plan 9 as described in Section IV. This filing is scheduled to become effective on July 30, 2022.

Coincident with this filing, NECA is amending its *2022 Annual Filing* to include an 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.

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. 1665 (filed Jun. 16, 2022) (*2022 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.

For this filing, zero net CBOL costs were removed from the Traffic Sensitive pool as no study areas entering the CBOL tariff participates in NECA's DSL tariff. The projected amount of CBOL costs removed from the TS special access category for the July 1, 2022 – June 30, 2023 test period remains \$333.3M for the cost study areas in NECA's DSL tariff.

A net CBOL revenue requirement of \$0.2M was added to the CBOL category in CL for two study areas with CBOL demand changes since the last filing. The 2022/2023 test period CBOL revenue requirement now totals \$863.9M for the 354 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 two study areas receiving legacy support in accordance with section 69.132 of the Commission's rules using certified broadband-only data and the *May 10, 2022 BCM Order*³ which waived the application of the budget control mechanism on CAF BLS support for the 2022/2023 test period. One of these study areas chose to tariff a CBOL charge lower than the calculated

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 Red. 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 22-32 (rel. May 10, 2022) (*May 10, 2022 BCM Order*).

maximum CBOL charge, while the other chose to tariff a CBOL charge at the calculated maximum CBOL charge.

In conjunction with prior filings, 125 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 \$51.17. 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, 2022 through June 30, 2023 for 354 study areas participating in NECA's CL pool now amount to \$319.2M.

The 2022/2023 test period CAF BLS Broadband-only support for 354 common line pool study areas that have currently opted to have NECA tariff their CBOL is projected to be \$547.1M prior to the implementation of the \$200/line/month cap.

B. CAF BLS TRP UPDATE

Concurrent with this filing, NECA is amending the *2022 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 9

A. INTRODUCTION

This filing introduces rates and regulations for ETS FRO Plan 9. ETS FRO Plan 9 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 9 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 9 in Section 17.4.8(C)(9)(i).

This tariff filing establishes a new ETS FRO Plan 9 reflecting rates in effect as of July 1, 2022. ETS TDP and ETS PTDP customers can subscribe to ETS FRO Plan 9 through June 30, 2023, after which time it will be closed to new subscriptions.⁴ ETS FRO Plan 9 will allow tariff participants to respond to Requests for Proposals from existing customers and to attract new high-speed broadband access customers that are willing to make long term commitments in return for rate stability.

B. PROPOSED TARIFF PROVISIONS

Where offered, ETS FRO Plan 9 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 9: 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 9 apply in lieu of 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 9 rates.

The stabilized monthly rates included in ETS FRO Plan 9 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 9 rates will apply throughout the

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.

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 WITH REVENUE, COST AND DEMAND SUPPORT

The unit costs for the average pool company for all ETS rate elements can be found in the *2022 Annual Filing*.⁵ 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 9. No change is expected in projected revenues for the remainder of the 2022/2023 test period for this service because the proposed monthly rates for ETS FRO Plan 9 will be identical to the standard monthly ETS rates in effect as of July 1, 2022, as specified in Sections 17.4.8(C)(1) through (6) of Tariff F.C.C. No. 5.⁶

NECA will monitor demand for ETS FRO Plan 9 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 9 customers and reflect the revenue shortfall as an adjustment to the settlements of those member companies that offer ETS FRO Plan 9.

⁵ See *2022 Annual Filing*, Volume 5, Exhibit 7, Workpapers 10-17.

⁶ See *2022 Annual Filing*.