

**NEVADA BELL TELEPHONE COMPANY (NBTC)**  
**DESCRIPTION AND JUSTIFICATION**  
**TRANSMITTAL NO. 340**  
**September 18, 2023**

**PURPOSE**

In this filing, Nevada Bell Telephone Company (NBTC) proposes to:

- File a revised Tariff Review Plan (TRP) with updated exogenous cost changes due to the revised Telecommunications Relay Service (TRS) factors of 0.00025 for Non-IPCTS and 0.01615 for IPCTS, released by the FCC on June 30, 2023.
- Update exogenous cost changes due to the revised Regulatory Fee factor of 0.00540, released by the FCC on August 10, 2023.
- Update exogenous cost changes due to the revised North American Numbering Plan Administration factor of 0.0001047, released by the FCC on August 10, 2023.
- Revise the Universal Service Fund (USF) factor to calculate the 4th Quarter 2023 USF obligations.
- Update line counts used in the calculation of the Federal Universal Service Fund (FUSF) recovery charges billed to residential and business customers.

**Telecommunications Relay Service**

In the 2023 Annual Filing, filed on June 16, 2023, factors 0.01125 for Non-IPCTS and 0.00653 for IPCTS was used to calculate exogenous costs. With this filing, NBTC will be utilizing factors 0.00025 for Non-IPCTS and 0.01615 for IPCTS in DA 23-577, released on June 30, 2023. The development of the TRS exogenous cost for this filing is provided on *Exhibit 2.5*. The difference between the TRS factors, as shown on *Exhibit 2.5*, is “grossed up” to ensure recovery of a full twelve months at the new rate. The Commission has Ruled Telecommunications Relay Service (TRS) fund payments<sup>1</sup> may be treated as exogenous.

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<sup>1</sup> *In the Matter of Telecommunications Relay Service, and the Americans with Disabilities Act of 1990*, CC Docket No. 90-571, second Order on Reconsideration and Fourth Report and Order, released September 29, 1993, paragraph 18.

### **Regulatory Fee Payments Exogenous Adjustments**

In the 2023 Annual Filing, filed on June 16, 2023, a factor of 0.00452 was used to calculate exogenous costs. With this filing, NBTC is utilizing the factor 0.00540 in FCC 23-66, released on August 10, 2023. The filing for exogenous treatment of Regulatory Fees is consistent with Parts 61.45(a) and 61.45(d)(1)(vi) and the Common Carrier Bureau's October 7, 1994 *Order*.<sup>2</sup> The development of the Regulatory Fee exogenous cost for this filing is provided on *Exhibit 2.5*.

### **North American Number Plan Administration (NANPA)**

In the 2022 Annual Filing, filed on June 16, 2022, a factor of 0.0000853 was used to calculate exogenous costs. With this filing, NBTC is utilizing the factor 0.0001047 in DA 23-675, released on August 10, 2023. The development of the NANPA exogenous cost for this filing is provided on *Exhibit 2.5*.

### **Exogenous Costs**

Part 61.45(d) (3) requires that exogenous cost changes be apportioned between price cap services and excluded services. NBTC adjusted the TRS and Regulatory Fee exogenous cost changes to remove impacts associated with services that are excluded from price cap regulation, to the extent that revenues for these services existed and were identifiable. These exogenous cost changes are allocated to the Common Line Basket and the Special Access Basket. *Exhibit 2.6* demonstrates the revenue impact for corresponding rate adjustments.

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<sup>2</sup> *Price Cap Treatment of Regulatory Fees Imposed by Section 9 of the Communications Act Order*, (DA-94-1119) (Common Carrier Bureau, released October 7, 1994), (Erratum released November 2, 1994) paragraph 6, granting a waiver to permit exogenous cost treatment of regulatory fees.

## **Price Cap Compliance**

The attached Tariff Review Plan (TRP) reflects the net revenue changes resulting from the exogenous cost changes associated with the revised TRS and Regulatory Fee factors. All rate offsets are detailed on *Exhibit 3*.

## **Federal Universal Service Fund Adjustments**

This filing is to revise NBTC's USF obligation based on updated line counts. The 4th Quarter 2023 contribution factor, 34.5 %, was provided in the Commission's Public Notice, **DA 23-843**, released September 13, 2023. Recovery of this contribution is allowable pursuant to *C.F.R. 69.158*. The methodology used to calculate end user charges assessed to recover this liability is detailed below.

## **Calculation of the Federal Universal Service Fund Flat Rate End User Charge**

To ensure compliance with the Commission's *Interim Contribution Methodology Order*, NBTC recovers its USF obligation associated with switched access services through various flat-rate end user charges.<sup>3</sup> The charges are assessed with respect to the interstate end user service that generates the USF obligation. NBTC assesses two general types of USF charges (Basic and Non-recurring) for switched access customers. These charges are calculated using the following methodology as shown on *Exhibit 1* and *Exhibit 2*.

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<sup>3</sup>See *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, *Report and Order and Second Further Notice of Proposed Rule Making*, 17 FCC RCD 24952 (2002) (*Interim Contribution Methodology Order*).

## **Basic USF Recovery Charges**

These charges are assessed to switched access lines, to recover the USF obligation associated with the assessment of End User Common Line (EUCL) and End User Port charges.

### **1. Residential/Single Line Business (SLB)**

NBTC develops the Basic USF charge for residential and single line business customers by multiplying EUCL charges assessed to these customers by the relevant contribution factor released by the Commission. The calculation for the Basic FUSF Residential/Single Line Business rate is demonstrated on *Exhibit 1*.

### **2. BRI ISDN**

NBTC develops the Basic USF charge for BRI ISDN and BRI ISDN Port customers by adding together EUCL and BRI ISDN / Centrex Port charges assessed to these customers to obtain the total basic interstate end user charges. The total basic interstate end user charges are multiplied by the relevant contribution factor released by the Commission. The calculation for the Basic FUSF BRI ISDN rate is demonstrated on *Exhibit 1*.

### **3. Multi-line Business, PRI ISDN, and Centrex**

NBTC elected to utilize the provisions granted in the Commission's *Order* and *Second Order on Reconsideration* regarding Centrex customers.<sup>4</sup> A portion of the unrecovered obligation created from using the PICC equivalency ratios for Centrex customers is applied to Multi-line business customers. However, due to the constraints included in the Commission's *Order*, NBTC

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<sup>4</sup> See *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, *Order and Second Order on Reconsideration*, FCC 03-58, para. 3 (rel. March 14, 2003).

averages the obligation associated with End User Common Line (EUCL) charges for Centrex customers.

NBTC determines the basic USF recovery rate for business customers using the methodology detailed below.

### **Establish the Basic Multi-Line Business Rate**

**Step 1** – Determine total revenue using access lines as of June 2023 for these customers generated from EUCL assessments by multiplying the EUCL rate by the number of lines.

**Step 2** – Multiply the result from Step 1 by the contribution factor to obtain the obligation associated with the customer base.

**Step 3** – Divide the obligation developed in Step 2 by the number of billable lines (using lines as of June 2023). The line base is adjusted using PICC equivalency ratios as defined in Part 69.153. The result is the Basic MLB rate per line.

**Step 4** – Add to the Basic MLB rate, all other USF recovery associated with the customer type. Step 4 is calculated by customer type for Multi-line business, PRI ISDN, and Centrex customers as shown in *Exhibit 2*. The final rates per customer type are detailed on both *Exhibit 1* and *Exhibit 2*. These final rates preclude any recovery necessary from non-recurring interstate end user charges.

### **Other Non-recurring USF Surcharges**

Non-recurring USF surcharges are assessed to interstate end user non-recurring charges, which generate a USF obligation. NBTC calculates other non-recurring USF charges by multiplying the non-recurring charge by the contribution factor. These USF recovery charges will only be assessed per occurrence of the interstate end user non-recurring charge. The calculations for these charges are detailed in *Exhibit 1*. For billing purposes, the USF recovery charge may be added to the existing interstate end user charge which generates the obligation.

NBTC assesses Lifeline customers the non-recurring USF charges when they are assessed the non-recurring charge that generates the obligation. NBTC also assesses Interexchange Carriers (ICs) the Presubscribed Interexchange Change (PIC) USF Charge when the IC is assessed the PIC change charge.

### **Other Recurring Federal Universal Fund Surcharges**

NBTC will continue to recover its other recurring (i.e. Special Access and True Internet Protocol to Public Switched Telephone Network (TIPToP) Service) USF obligations through a percentage-based USF recovery charge applied to interstate end user billed revenues. This percentage-based USF recovery charge is set equal to the Commission's contribution factor released via Public Notice.

**AT&T - NEVADA BELL TELEPHONE COMPANY**  
**TELECOMMUNICATIONS RELAY SERVICE/REGULATORY FEES/NORTH AMERICAN NUMBER PLAN ADMINISTRATION**  
**EXOGENOUS COST DEVELOPMENT**

Exhibit 2.5

**09/18/2023 Price Cap Midyear Filing**  
**Exogenous Cost Changes Detail For EXG-1 and CAP Forms**

	2022		FCC DA 22-68A1	FCC DA 22-699A1	FCC DA 22-699A1	DA 22-833
	Total	Interstate	9/2/2022	6/30/2022	6/30/2022	8/8/2021
	End User Revenues		Regulatory Fee	TRS--Non-IPCTS	TRS--IPCTS	NANPA
	( 499A )	( 499A )	0.00452	0.01125	0.00653	0.0000853
	(A)	(B)	(C) = B * 0.00452	(D) = B * 0.01125	(D2) = A * 0.00653	(E) = A * 0.0000853
Exogenous Amount	\$ 49,143,511	\$ 10,679,682	\$ 48,272	\$ 120,146	\$ 320,907	\$ 4,192
Excluded Revenue	\$ 1,658,790	\$ 1,658,790				
Price Cap Revenue Percentage	96.62%	84.47%				
	<b>2022 Mid-Year Rate Changes</b>		FCC DA 23-66	FCC DA 23-577	FCC DA 23-577	DA 23-675
			8/10/2023	6/30/2023	6/30/2023	8/10/2023
			Regulatory Fee	TRS--Non-IPCTS	TRS--IPCTS	NANPA
			0.0054	0.00025	0.01615	0.0001047
			(C) = B * 0.0054	(D) = B * 0.00025	(D2) = A * 0.01615	(E) = A * 0.0001047
Exogenous Amount			\$ 57,670	\$ 2,670	\$ 793,668	\$ 5,145
	<u>10/2022 - 9/2023</u>	<u>10/2023 - 9/2024</u>	<u>Exogenous</u>	<u>Annualized</u>		
	(A)	(B)	(C) = B - A	(D) = C * Annualization Factor		
<b>Regulatory Fee Support:</b>						
FCC DA 22-68A1 - 0.00452 Factor 2022 Revenue	\$ 48,272	\$ 57,670				
FCC DA 23-66 - 0.0054 Factor 2022 Mid-Year Revenue	\$ 48,272	\$ 57,670				
				Factor	1	
% Price Cap Allocation	84.47%	84.47%				
Price Cap Exogenous Amount	\$ 40,774	\$ 48,713	\$ 7,938	\$ 7,938.39		
	<u>7/2022 - 6/2023</u>	<u>7/2023 - 6/2024</u>	<u>Exogenous</u>			
	(A)	(B)	(C) = B - A			
<b>Telecom Relay Support</b>						
FCC DA 22-699A1 - 0.01125 Factor 2022 Revenue	\$ 120,146	\$ 2,670				
FCC DA 23-577 - 0.00025 Factor 2022 Mid-Year Revenue	\$ 320,907	\$ 793,668				
FCC DA 22-699A1 - 0.00653 Factor 2022 Revenue	\$ 441,054	\$ 796,338				
				Factor	1.333333333	
% Price Cap Allocation - Non-IPCTS	84.47%	84.47%				
Price Cap Allocation - Non-IPCTS	\$ 101,485	\$ 2,255				
% Price Cap Allocation - IPCTS	96.62%	96.62%				
Price Cap Allocation - IPCTS	\$ 310,075	\$ 766,878				
Price Cap Exogenous Amount	\$ 411,560	\$ 769,133	\$ 357,573	\$ 476,764.27		
	<u>10/2022 - 9/2023</u>	<u>10/2023 - 9/2024</u>	<u>Exogenous</u>			
	(A)	(B)	(C) = B - A			
<b>North American Numbering Plan Administration:</b>						
DA 22-833 - 0.0000853 Factor 2022 Revenue	\$ 4,192	\$ 5,145				
DA 23-675 - 0.0001047 Factor 2022 Mid-Year Revenue	\$ 4,192	\$ 5,145				
				Factor	1	
% Price Cap Allocation	96.62%	96.62%				
Price Cap Exogenous Amount	\$ 4,050	\$ 4,972	\$ 921	\$ 921.20		
	<b>Common Line</b>	<b>Special</b>	<b>Price Cap Revenue</b>	<b>Validation Check</b>		
				Must be equal 499A Interstate Rev * Price Cap Rev %		
499A 2022 Interstate End User Revenues	\$ 8,905,975	\$ 114,917	\$ 9,020,892.17	OK		
Allocation Basis	98.73%	1.27%				
Regulatory Fee Support:	\$ 7,837.26	\$ 101.13	\$ 7,938			
Telecom. Relay Support	\$ 470,691	\$ 6,073	\$ 476,764			
NANPA	\$ 909.47	\$ 11.74	\$ 921			
Total Exogenous	\$ 479,438	\$ 6,186	\$ 485,624			

**AT&T - NEVADA BELL TELEPHONE COMPANY  
SUMMARY OF EXOGENOUS COSTS AND DISTRIBUTIONS  
TO NON-ATS SERVICES**

Exhibit 2.6

LINE	DESCRIPTION	NANPA EXOG (A)	TRS EXOG (B)	REG FEE EXOG (C)	TOTAL
1	COMMON LINE EUCL AND PICC 'R' (Sum1 Column A, Row 100)	909	470,691	7,837	479,438
2	SPECIAL ACCESS BASKET 'R'	12	6,073	101	6,186
3	TOTAL (SUM L4 THRU L8)	921	476,764	7,938	485,624

\*\*TRS, Reg Fee and NANPA Exogenous is only spread between the Common Line and Special Access Baskets

RATE COMPARISON

STATE	RATE ELEMENTS	CURRENT RATE	PROPOSED RATE
NEV	NONPRIMARY RES EUCL	\$ 6.53	\$ 7.00
NEV	BRI ISDN EUCL	\$ 6.53	\$ 7.00
NEV	MULTILINE BUS EUCL	\$ 6.53	\$ 8.74
NEV	PRI ISDN EUCL	\$ 6.53	\$ 8.74
NEV	CENTREX EUCL	\$ 6.53	\$ 8.74
NEV	VG CHAN TERM 2-WIRE	\$ 21.65	\$ 24.03
NEV	VG CHAN TERM 4-WIRE	\$ 21.65	\$ 24.03
NEV	VG WATS CHAN TERM 2-WIRE	\$ 21.65	\$ 24.03
NEV	VG WATS CHAN TERM 4-WIRE	\$ 21.65	\$ 24.03
NEV	GDT(2.4 KBPS) CHAN TERM	\$ 71.10	\$ 78.92
NEV	GDT(4.8 KBPS) CHAN TERM	\$ 71.10	\$ 78.92
NEV	GDT(9.6 KBPS) CHAN TERM	\$ 71.10	\$ 78.92
NEV	GDT(56 KBPS) CHAN TERM	\$ 71.10	\$ 78.92
NEV	GDT (64 KBPS) CHAN TERM	\$ 71.10	\$ 78.92
NEV	DS1 CHAN TERM	\$ 140.56	\$ 156.02
NEV	DS1 TPP - CHAN TERM TPP 1YR	\$ 137.20	\$ 152.29
NEV	DS3 CHAN TERM-MTM	\$ 2,125.00	\$ 2,358.75
NEV	DS3 CHAN TERM-MER	\$ 2,125.00	\$ 2,358.75
NEV	DS3 CHAN TERM-1YR	\$ 1,450.00	\$ 1,609.50

**Nevada Bell Telephone Company (NBTC)  
Nevada Universal Service Fee (USF) Rate Development**

4th Quarter 2023 Contribution Factor	Source <i>DA 23-843</i>	(A)	(B) <b>0.345</b>	(C=A*B)
<b>Basic USF Recovery Charge</b>				
<b><i>Residential / Single-Line Business</i></b>				
		<b>Rate</b>		<b>USF Charge</b>
RES Access Recovery Charge (ARC)		<b>0.00</b>		
End User Common Line (EUCL) Rate		<b>6.50</b>		
ARC & EUCL Rate Combined		\$ 6.50		\$ 2.24
<b><i>BRI ISDN</i></b>				
End User Common Line/ARC Rate		\$ 7.00		<b>USF Charge</b>
BRI ISDN Port		\$ 3.90		
Total Basic Interstate End User Revenue		<u>\$ 10.90</u>		\$ 3.76
<b><i>Multi-line Business</i></b>				
<b><i>PBX</i></b>	Exhibit 2			\$ 8.19
<b><i>PRI ISDN</i></b>	Exhibit 2			\$ 8.19
<b><i>CENTREX</i></b>	Exhibit 2			\$ 53.47
	Exhibit 2			\$ 0.91
<b>Other USF Recovery Charges</b>				
PIC Manual Change Charge		\$ 3.89		\$ 1.34
PIC Mechanized Change Charge		\$ 1.60		\$ 0.55

**Nevada Bell Telephone Company (NBTC)**  
**Nevada Universal Service Fee (USF) Rate Development**

4th Quarter 2023 Contribution Factor	Source DA 23-843	(A)	(B) 0.345	(C=A*B) USF Charge
<b>Basic USF Recovery Charge for MLB, PRI, &amp; Centrex</b>				
<i>Multi-line Business, PRI ISDN, CENTREX Lines as of June 2023</i>				
L1	MLB Lines		7,348	
L2	Centrex lines with less than 9 lines		1,607	
L3	Centrex lines with greater than 9 lines		7,417	
L4	PRI ISDN		168	
	BUS Access Recovery Charge (ARC)		\$3.94	
	End User Common Line (EUCL) Rate	\$	8.74	
L5	ARC & EUCL Rate Combined		\$12.68	\$12.68
<b>MLB, PRI ISDN, Centrex Revenue</b>				
L6	MLB	L5*L1	\$ 93,194	
L7	PRI ISDN	L5*L4*5	\$ 10,654	
L8	Centrex	(L5)*(L2+L3)	\$ 114,450	
L9	MLB, PRI ISDN, Centrex Revenue	L6:L8	\$ 218,298	
L10	MLB, PRI ISDN, Centrex Obligation	L9*USF Factor	\$ 75,313	
L11	PICC Equivalent Centrex Systems Line Counts <i>(As stated in FCC 03-58 released March 14, 2003)</i>		179	
L12		0 L1+(L3/9)+(L4*5)+L11	9,191	
<b>Recovery Cross Check Verification</b>				
L13	Basic MLB Rate	(L10/L12)		\$ 8.19
L14	Basic Centrex Rate	L13/9		\$ 0.91
L15	Basic PRI ISDN Rate (excluding Port recovery)	L13*5		\$ 40.95
<b>Recovery Cross Check Verification</b>				
L16	Basic MLB USF Recovery	L1*L13	\$ 60,180	
L17	Basic Centrex USF Recovery	(L3*L14)+(L11*L13)	\$ 8,212	
L18	Basic PRI ISDN USF Recovery	(L5*L15)	\$ 6,880	
L19	Total MLB, PRI ISDN, Centrex Basic USF Recovery <b>(L19 &lt; L10)</b>		\$ 75,271	<b>OK</b>
<b>Additives to the Basic MLB Rate</b>				
	<b>PRI ISDN</b>		<b>Rate</b>	
L20	PRI ISDN Port Charge		\$ 36.29	\$ 12.52
<b>Final Basic MLB, PRI ISDN, &amp; Centrex USF Rates Summary</b>				
L21	MLB	L13	\$ 8.19	
L22	PBX	L13	\$ 8.19	
L23	PRI ISDN	L15+L20	\$ 53.47	
L24	Centrex	L14	\$ 0.91	