

SBC – NEVADA BELL TELEPHONE COMPANY
2003 TRS-REG FEE Adjustments &
4th Quarter Federal Universal Service Fund (FUSF)
DESCRIPTION AND JUSTIFICATION

FCC No. 1, Transmittal No. 48
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Section

1. Introduction
2. Telecommunications Relay Service (TRS) and Regulatory Fee Exogenous Adjustments and Allocation Changes
3. Price Cap Compliance for PICC assessment on Payphones
4. 4th Quarter Universal Service Fund Adjustments (FUSF)

2003 TRS-Regulatory Fee FILING

1. INTRODUCTION

With this filing, SBC-Nevada Bell Telephone Company (NBTC) is proposing to:

- Modify the Telecommunications Relay Service (TRS) and Regulatory Fee Exogenous Adjustments and allocation methodology,
- Comply with the Price Cap Review Order released June 25, 2003, and the requirement to cease assessment of Presubscribed Interexchange Carrier Charges (PICC) on payphone lines,
- Incorporate the updated Universal Service Fund (USF) factor in Ameritech's USF rates, and
- Remove USF surcharges associated with 900 Call Blocking and International Call from Tariff F.C.C. No. 1.

2. TELECOMMUNICATIONS RELAY SERVICE (TRS) AND REGULATORY FEE EXOGENOUS ADJUSTMENTS

In the 2003 Annual Filing, NBTC included exogenous adjustments for TRS and Regulatory Fees. Since that time, new factors used to determine the obligation for these items have been released.¹ Therefore, NBTC has revised its TRS and Regulatory Fee obligations and associated price cap exogenous adjustments to reflect the new factors. The TRS factor proposed during the 2003 Annual Filing was .00171. The new TRS factor is .00149. Therefore, the revised calculations include an adjustment for the over-recovery of the TRS obligation from July 2003 through October 2003. This will provide customers with the benefit of the lower factor. Also, based on discussions with Commission staff, NBTC is

¹ [In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities](#), CC Docket No. 98-67, released June 30, 2003, and [In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2003](#), MD Docket No. 03-83, released July 25, 2003.

altering the method used to allocate these exogenous adjustments to interstate services.

Previously, NBTC allocated the adjustments first to price cap services as a group and excluded services as a group. NBTC further apportioned the price cap allocation based on the basket revenue levels for non-Average Traffic Sensitive (ATS) services.

NBTC is first proposing to remove the exogenous amount associated with TRS and Regulatory Fees currently embedded in price caps. Second, NBTC is proposing to re-insert the new exogenous amounts based on the revised methodology. This will ensure that the full exogenous amount associated with TRS and Regulatory fees embedded in price caps is based on the new methodology. NBTC is also proposing to allocate the adjustments to price cap services and excluded services based on interstate end-user revenues consistent with Part 61.45(d)(3). The price cap allocation will be further apportioned to interstate end-user non-ATS services. The revised adjustments and allocation methods are demonstrated on *Exhibit 1*.

3. PRICE CAP ORDER COMPLIANCE FOR ASSESSMENT OF PICC CHARGES ON PAYPHONE LINES

On June 25, 2003, the Commission released the Order on Reconsideration regarding the assessment of Presubscribed Interexchange Carrier Charges (PICC) on payphone lines.²

² [In the Matter of Access Charge Reform and Price Cap Performance Review for Local Exchange Carriers](#), CC Docket Nos. 96-262, 94-1, released June 25, 2003.

In this Order, the Commission found that payphone lines should be exempt from PICC charges. Carriers that still assess the PICC on multi-line business lines are required to adjust their rates effective October 1, 2003. Although NBTC no longer assesses PICCs, a Tariff Review Plan (TRP) is included to reflect the removal of payphone lines in the PICC base period demand. This will ensure that in the remote event that NBTC has need to assess PICCs during the remainder of the tariff year, payphone lines will not be included in the rate development process. This demand adjustment in no way impacts the assessment of other Common Line rates.

4. FEDERAL UNIVERSAL SERVICE FUND (FUSF) ADJUSTMENTS

This portion of the filing is to revise NBTC's USF obligation based on the 4th quarter 2003 contribution factor. The 4th quarter 2003 contribution factor was provided in the Commission's recent Public Notice, DA 03-2833, released September 5, 2003. Recovery of this contribution is allowable pursuant to 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 charges³. The charges are assessed with respect to the interstate end user

³ 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

service that generates the USF obligation. NBTC assesses three general types of USF charges (Basic, Port, and Non-recurring) for switched access customers. These charges are calculated using the following methodology as shown on *Exhibit 2 and Exhibit 3*.

A. 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), End User Port charges, and Local Number Portability (LNP) charges.

1. Residential/Single Line Business (SLB)/BRI ISDN

NBTC develops the Basic USF charge for residential, single line business, and BRI ISDN customers by adding together EUCL and LNP charges assessed to these customers to obtain the 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 Residential/Single Line Business/BRI rate is demonstrated on *Exhibit 2*.

2. BRI ISDN Port

NBTC recovers the USF obligation associated with BRI ISDN Port charges as a distinct BRI ISDN Port USF Recovery Charge. The calculation for the BRI ISDN Port USF Recovery Charge is demonstrated on *Exhibit 2*.

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, 17FCC RCD 24952 (2202) (*Interim Contribution Methodology Order*).

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 customers⁴. A portion of the un-recovered 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 averages the obligation associated with End User Common Line (EUCL) charges for Centrex customers. Centrex customers are assessed the full amount of the obligation associated with their Local Number Portability (LNP) end user surcharges. NBTC determines the basic USF recovery rate for business customers using the method detailed below.

Establish the Basic Multi-line Business Rate

Step 1 – Determine total revenue using access lines as of June 2003 for these customers generated from EUCL assessments by multiplying the EUCL rate by the number of lines.

⁴ 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).

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 2003). 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. For example, an additive is included to the basic MLB rate to recover the obligation associated with the LNP surcharge.

Step 4 is calculated by customer type for Multi-line business, PRI ISDN, and Centrex customers as shown in *Exhibit 3*. The final rates per customer type are detailed on both *Exhibit 2 and Exhibit 3*. These final rates preclude any recovery necessary from non-recurring interstate end user charges.

B. 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 2*. 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.

Special Access Federal Universe Fund Surcharge

NBTC will continue to recover its special access end user USF obligation through a percentage-based USF recovery charge applied to interstate end user billed special access revenue. This percentage-based USF recovery charge is set equal to the Commission's contribution factor released via Public Notice.

Call Restriction USF Recovery Charges

In addition to incorporating the new contribution factor in NBTC's USF rate-making process, Company Abbrev. is also proposing to remove the USF recovery charge associated with 900 Call Blocking/Restriction and International Call Blocking/Restriction services. These services are offered through NBTC's state tariffs as well as the interstate tariffs. However, these services are almost always provided as intrastate services, thus a USF obligation is not created. LECs are required pursuant to Part 64.1508 to list pay-per-call restriction services in interstate tariffs; therefore, NBTC is proposing to remove only the USF recovery charge associated with these services and not the services themselves.