

**NEVADA BELL TELEPHONE COMPANY (NBTC)**  
**1st Quarter Federal Universal Service Fund (FUSF) Adjustments**  
**DESCRIPTION AND JUSTIFICATION**  
**FCC No. 1, Transmittal No. 57**  
**December 17, 2003**

**Section**

- 1. Introduction**
- 2. 1<sup>st</sup> Quarter Universal Service Fund Adjustments (FUSF)**
- 3. Presubscribed Interexchange Carrier Charges (PICC charges) Language Modifications**

## **1. INTRODUCTION**

SBC-Nevada Bell Telephone Company (NBTC) is proposing the following with this filing:

- Revisions to Universal Service Fund (USF) recovery charges billed to residential and business customers to reflect the new contribution obligation, which is based on interstate end user revenues used by the Universal Service Administration Company (USAC) to calculate NBTC's 1<sup>st</sup> quarter 2004 USF assessment, and
- Incorporate clarifying tariff language regarding the assessment of Presubscribed Interexchange Carrier Change (PICC) charges on payphone lines.

## **2. FEDERAL UNIVERSAL SERVICE FUND (FUSF)**

### **1st Quarter Federal Universal Service Fund Adjustments**

This portion of the filing is to revise NBTC's USF obligation based on the 1st quarter 2004 contribution factor. The 1st quarter 2004 contribution factor, 0.087, was provided in the Commission's recent Public Notice, DA 03-3866, released December 4, 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 charges<sup>1</sup>. The charges will be assessed with respect to the interstate end user 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 1 and Exhibit 2***.

### **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

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<sup>1</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, 17FCC RCD 24952 (2202) (*Interim Contribution Methodology Order*).

contribution factor released by the Commission. The calculation for the Basic FUSF Residential/Single Line Business/BRI rate is demonstrated in *Exhibit 1*.

## **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 in *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>2</sup>. 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.

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<sup>2</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).

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 September 2003 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 September 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 2*. The final rates per customer type are detailed on both *Exhibit 1 and Exhibit 2*. These final rates preclude any USF 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 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.

## **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.

### **3. Presubscribed Interexchange Carrier Charges (PICC charges)**

NBTC is proposing to incorporate clarifying tariff language regarding the assessment of PICC charges to Interexchange Carriers (IXCs) for payphone lines.

This language modification is an effort to clarify that when a Payphone Service Provider is provided local exchange service or coin line service, the Multiline Business PICC assessed to the IXC will not apply. In September 2003, NBTC submitted a Tariff Review Plan (TRP) to the Commission to comply with the *Payphone Assessment Order*<sup>3</sup>. 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 were required to adjust their rates effective October 1, 2003. Although NBTC no longer assesses PICCs, a Tariff Review Plan (TRP) was included to reflect the removal of payphone lines in the PICC base period demand to ensure that in the remote event that NBTC has need to assess PICCs during the remainder of the tariff year, payphone lines would not be included in the rate development process. However, an adjustment to the rate regulation section of the tariff was not included. Therefore, NBTC is proposing to include clarifying tariff language to address this issue and ensure that customers are aware that PICC charges will not be assessed for payphone lines. There is no impact to currently zero-rated PICC charges as a result of this change.

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<sup>3</sup> 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.