

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Material to be Filed in Support of	)	WC Docket No. 18-100
2018 Annual Access Tariff Filings	)	

**ORDER**

**Adopted: April 25, 2018**

**Released: April 25, 2018**

By the Chief, Pricing Policy Division, Wireline Competition Bureau:

**I. INTRODUCTION**

1. In this Order, we set forth the Tariff Review Plans (TRPs) used by all incumbent local exchange carriers (LECs) to support interstate access service tariff revisions filed in 2018 (the 2018 TRPs).<sup>1</sup> The 2018 TRPs reflect implementation of the transitional rate changes and recovery rules adopted in the *USF/ICC Transformation Order*.<sup>2</sup> The 2018 rate-of-return TRPs also include implementation of the universal service reforms and related tariffing requirements adopted in the *Rate-of-Return Reform Order*.<sup>3</sup> Completion of the 2018 TRPs appended to this document will provide the supporting documentation to fulfill, in part, the requirements contained in sections 61.38, 61.39, 61.41 through 61.49, 51.700 through 51.715, and 51.901 through 51.919 of the Commission's rules.<sup>4</sup> The 2018 TRPs display support data in a consistent manner, thereby facilitating review of the incumbent LEC rate

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<sup>1</sup> TRP formats for the annual filings are developed for the specific circumstances of the tariff year in which the revised rates will become effective. The filing date and comment periods for this year's annual access charge filings were released earlier in a separate order, which modified the effective date of this year's filings from July 1, 2018, to July 3, 2018. *See July 1, 2018 Annual Access Charge Tariff Filings*, Order, DA 18-335 (WCB Apr. 5, 2018) (*2018 Annual Filing Procedures Order*).

<sup>2</sup> *See Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17934-35, para. 801 (2011) (*USF/ICC Transformation Order*) (stating that although many of the switched access rate elements are subject to the transition adopted, other rates were not being specifically reduced at that time), *pets. for review denied sub nom. In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014).

<sup>3</sup> *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3089, para. 1 (2016) (*Rate-of-Return Reform Order*). *See Connect America Fund et al.*, Second Order on Reconsideration and Clarification, WC Docket No. 10-90 et al., DA 18-13 (Feb. 15, 2018) (*Second Order on Reconsideration and Clarification*).

<sup>4</sup> 47 CFR §§ 61.38, 61.39, 61.41-61.49, 51.700-51.715, and 51.901-51.919. Section 69.3(a) of the Commission's rules limits the annual access charge tariff filing to rate level changes. *Id.* § 69.3(a). Because the 2018 TRP forms include implementation of reforms required by the *USF/ICC Transformation Order* and *Rate-of-Return Reform Order*, we find good cause to waive the limitation contained in section 69.3(a), consistent with prior annual access tariff filing periods. *See, e.g. Material to be Filed in Support of 2012 Annual Access Charge Tariff Filings*, Order, 27 FCC Rcd 3960, 3963, para. 9 & n.30 (WCB 2012). The requirement for price cap LECs to file a short form TRP was waived for both this year's annual filing and for the 2017 annual filing. *2018 Annual Filing Procedures Order*, paras. 6-7; *July 1, 2017 Annual Access Charge Tariff Filings*, WC Docket No. 17-65, Order, 32 FCC Rcd 3878 (WCB 2017) (*2017 Short Form TRP Waiver Order*).

revisions by the Commission and interested parties. The annual TRPs have served this purpose effectively for many years.

2. In the *USF/ICC Transformation Order*, the Commission adopted a number of rules requiring incumbent LECs to adjust, over a period of years, many of their switched access charges effective on July 1 of each of those years, with the ultimate goal of transitioning to a bill-and-keep regime at the end of the transition.<sup>5</sup> The Commission also adopted a recovery mechanism to mitigate the impact of reduced intercarrier compensation revenues on carriers and to facilitate continued investment in broadband infrastructure.<sup>6</sup> As part of the recovery mechanism, the Commission defined as “Eligible Recovery” the amount of intercarrier compensation revenue reductions that incumbent LECs would be eligible to recover through a combination of end-user charges (Access Recovery Charge (ARC))<sup>7</sup> and, where eligible and if a carrier elects to receive it, Connect America Fund support.<sup>8</sup> A carrier’s Eligible Recovery is based on a percentage of the reduction in revenue each year resulting from the intercarrier compensation reform transition.<sup>9</sup>

3. In the *Rate-of-Return Reform Order*, the Commission modified the rules governing the provision of high cost universal service support to rate-of-return LECs.<sup>10</sup> The Commission adopted a voluntary path under which rate-of-return carriers may elect model-based support for a term of 10 years in exchange for meeting defined build-out obligations.<sup>11</sup> For carriers not electing model-based support, the Commission modernized the existing interstate common line support (ICLS) rules to provide support in situations where the customer no longer subscribes to traditional regulated local exchange voice service, i.e., subscribes to stand-alone broadband.<sup>12</sup> This revised form of support is known as Connect America Fund Broadband Loop Support (CAF BLS). To implement these reforms, the Commission, among other things, revised certain cost allocation and tariffing rules for carriers to introduce supported Consumer Broadband-only Loop (or CBOL) services.<sup>13</sup>

4. With respect to pricing considerations, the Commission required carriers offering CBOL service to move CBOL costs from the Special Access service category to a new CBOL service category.<sup>14</sup> Beginning with this year’s annual access tariff filing, the amount to be moved is to be determined consistent with the Part 36 and Part 69 cost allocation rules, replacing a methodology that used common line costs as a surrogate for identifying the CBOL costs to be shifted from the Special Access category to the CBOL category.<sup>15</sup>

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<sup>5</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-35, para. 801 (stating that although many of the switched access rate elements are subject to the transition adopted, other rates were not being specifically reduced at that time).

<sup>6</sup> *Id.* at 17677, para. 36.

<sup>7</sup> *Id.* at 17958, para 852.

<sup>8</sup> *Id.* at 17957, para. 850.

<sup>9</sup> *Id.* at 17957-58, paras. 850-51.

<sup>10</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3089, para. 1.

<sup>11</sup> *Id.* at 3094-117, paras. 17-79.

<sup>12</sup> *Id.* at 3117-57, paras. 80-187.

<sup>13</sup> *Id.* at 3157-62, paras. 188-204.

<sup>14</sup> *Id.* at 3158-59, paras. 190-91.

<sup>15</sup> *Second Order on Reconsideration and Clarification*, paras. 10-13. See 47 CFR §§ 69.311(b), 69.416. The new procedures terminate as of July 1, 2018 a waiver that allowed carriers to limit the amount to be reallocated by excluding any costs that would otherwise reduce the non-DSL special access revenue requirement. *Id.* at para 13, note 39. See *Rate-of-Return Reform Order*, 31 FCC Rcd at 3158-59, para. 191. See also *Connect America Fund et*

(continued....)

5. The Commission also adopted rules governing the tariffing of a broadband-only loop rate, including a \$42 per loop per month rate cap for rate-of-return LECs electing model-based or Alaska Plan support and a rate methodology for rate-of-return LECs receiving CAF BLS.<sup>16</sup> For rate-of-return LECs electing model-based support, the Commission determined that such carriers would not be eligible to participate in the National Exchange Carrier Association (NECA) Common Line pooling mechanism but could elect to have NECA tariff its common line rates.<sup>17</sup> The Commission further required rate-of-return LECs to impute an amount equal to the ARC charge they assess on voice/broadband lines to their supported CBOL service.<sup>18</sup> Beginning with this year's annual access tariff filing, the ARC imputation rule is revised for a five-year period to require carriers to limit the imputed amount so that total ARC revenues and imputation for the current tariff period do not exceed a pre-*Rate-of-Return Order* baseline as a result of CBOL imputation, and carriers' filings must also reflect the true-up of that imputation made two years ago.<sup>19</sup>

6. The *Rate-of-Return Reform Order* also represcribed the authorized rate of return from 11.25 percent to 9.75 percent.<sup>20</sup> The rate of return is a key input in a rate-of-return LEC revenue requirement calculation, which is the basis for both its common line and special access rates, and high-cost support as applicable. Beginning July 1, 2016, the 11.25 percent rate of return is reduced by 25 basis points per year until it reaches the represcribed 9.75 percent in 2021.<sup>21</sup> Effective July 3, 2018, the authorized rate of return will be 10.5 percent.<sup>22</sup> Rate-of-return LECs' rates must also reflect the lower corporate income tax rate that went into effect on January 1, 2018.<sup>23</sup>

## II. TARIFF FILINGS REQUIRED BY THE COMMISSION'S ORDERS

7. Prior to July 1, 2016, rate-of-return LECs using historical cost and demand data under 61.38 filed access tariff revisions only in even-numbered years and carriers using projected cost and demand data under 61.39 filed only in odd-numbered years.<sup>24</sup> Beginning July 1, 2016, however, all rate-of-return LECs must file access service tariff revisions each year in order to implement the required annual reductions to the authorized rate of return.<sup>25</sup> In addition, pursuant to the *USF/ICC Transformation*

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*al.*, WC Docket No. 10-90 et al., Second Cost Surrogate Waiver Order, 32 FCC Rcd 1953, 1955, para. 8 (WCB 2017); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 31 FCC Rcd 13153, 13154-55, paras. 5-6 (WCB 2016). To the extent rule modifications are linked to effective date of the 2018 annual access charge tariff filing, we note that on April 5, 2018, we waived the effective date for 2018 and established July 3, 2018 as the effective date for the 2018 annual access charge tariff filings. See *2018 Annual Filing Procedures Order* at para. 2.

<sup>16</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3459-60, paras. 194, 197-98. See 47 CFR §§ 69.132(c) and (d).

<sup>17</sup> *Id.* at 3160, paras. 195-96.

<sup>18</sup> *Id.* at 3161-62, para. 203.

<sup>19</sup> *Second Order on Reconsideration and Clarification*, paras. 16-17. See 47 C.F.R. § 51.917(f).

<sup>20</sup> *Rate-of-Return Reform Order* 31 FCC Rcd at 3171-3212, paras. 10, 226-326.

<sup>21</sup> *Id.* at 3212, para. 326.

<sup>22</sup> *Id.*

<sup>23</sup> See *Tax Cuts and Jobs Act*, Pub. L. No. 115-97, 131 Stat. 2054 (2017). See also *Amendment of Part 32 of the Commission's Rules to Implement Statement of Financial Accounting Standards No. 96, Accounting for Income Taxes*, CC Docket No. 89-360, Report and Order, 9 FCC Rcd 727, 728, paras. 6-7 (1993).

<sup>24</sup> 47 CFR §§ 69.3(f)(1), (2).

<sup>25</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3212, para. 326.

*Order*, all rate-of-return incumbent LECs must file a TRP this year to comply with the requirements of sections 51.909(h), 51.917(d)(iv), and 51.917(e) of the Commission's rules.<sup>26</sup>

8. Rate-of-return incumbent LECs that provide CBOLs and receive CAF BLS are required to revise their CBOL rates to reflect the level of CAF BLS they expect to receive this coming tariff year.<sup>27</sup> Rate-of-return incumbent LECs subject to section 61.38 of the Commission's rules must base rate-of-return regulated rates for the coming tariff year on new cost studies and the new rules for moving costs from special access to the CBOL category.<sup>28</sup> Rate-of-return incumbent LECs subject to section 61.39 may base rate-of-return regulated rates for the coming tariff year on last tariff year's cost studies and the rules then in effect for moving costs to the CBOL category. Moreover, all rate-of-return incumbent LECs are required to modify their rates to comply with the lower prescribed rate of return for this tariff year, 10.5 percent, and the lower corporate income tax rate that went into effect on January 1, 2018.<sup>29</sup>

9. We remind all rate-of-return LECs that they are responsible for ensuring that all relevant carrier data is reflected in TRPs filed with the Commission, whether CBOLs are provided on a tariffed or detariffed basis. Thus, for a carrier receiving CAF BLS that is tariffing a CBOL rate, the filing entity -- whether the carrier, NECA or cost consultant -- must include in the 2018 TRP the data necessary to determine the maximum permitted CBOL rate.<sup>30</sup> Similarly, the entity filing the special access rates for the rate-of-return LEC -- whether the carrier, NECA or cost consultant -- must include in the 2018 TRP for the carrier, data for the special access costs reallocated to the CBOL category. A carrier that has detariffed its CBOL rates shall include the appropriate information in the relevant portion of the TRP.

10. The *Rate-of-Return Reform Order* required rate-of-return LECs to impute an amount equal to the ARC they assess on voice/broadband lines to their supported CBOL lines.<sup>31</sup> Such ARC imputation applies to all supported lines, and is calculated based on the type of broadband-only line (i.e., residential, single-line business, or multi-line business).<sup>32</sup> Rate-of-return LEC tariff filings must incorporate the new limit on imputed ARC revenues from CBOL lines, and the true-up of the imputation made two years ago.<sup>33</sup>

11. Based on the Bureau's experience in reviewing TRPs, the submission by price cap and rate-of-return LECs of the attached TRPs, together with comments and reply comments by interested parties, will aid the Bureau in analyzing the annual demand and rate revisions to be filed in June 2018. Section III of this *Order* describes the 2018 TRP for price cap LECs, and Section IV describes the 2018 TRP for rate-of-return LECs.

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<sup>26</sup> 47 C.F.R. §§ 51.909(h), 51.917(d)(iv), (e).

<sup>27</sup> *Second Order on Reconsideration and Clarification*, para. 13.

<sup>28</sup> *Id.* at paras. 9-13.

<sup>29</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3212, para. 32. See *Tax Cuts and Jobs Act*, Pub. L. No. 115-97, 131 Stat. 2054 (2017).

<sup>30</sup> 47 CFR § 69.132(c) ("the single-line rate or charge shall be computed by dividing one-twelfth of the projected annual revenue requirement for the Consumer Broadband-Only Loop category (net of the projected annual Connect America Fund Broadband Loop Support attributable to consumer broadband-only loops) by the projected average number of consumer broadband-only service lines in use during such annual period").

<sup>31</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3161-62, para. 203.

<sup>32</sup> 47 CFR § 51.915(f)(4). See *Rate-of-Return Reform Order*, 31 FCC Rcd at 3161-62, para. 203.

<sup>33</sup> *Second Order on Reconsideration and Clarification*, paras. 16-17. See 47 CFR § 51.917(f).

### III. PRICE CAP TARIFF REVIEW PLAN

12. In the *LEC Price Cap Order*, the Commission adopted price cap regulation for certain incumbent LECs, effective January 1, 1991.<sup>34</sup> Price cap LECs file tariffs each year. All price cap LECs should file the price cap 2018 TRPs outlined below and contained in the Appendix.

#### A. Price Cap TRP Spreadsheets and Workpapers

13. We adopt several changes for the 2018 price cap annual access TRP.<sup>35</sup> The spreadsheets and workpapers are discussed below and are contained in the Appendix.

##### 1. ARC Spreadsheets

14. The ARC spreadsheets consist of six individual spreadsheets that demonstrate the calculations necessary to arrive at an ARC rate for filing carriers. These spreadsheets were created to comply with sections 51.915(e) and (f) of the Commission's rules, and include the Rate Ceiling CAF and No CAF spreadsheets, the Tariff Rate Comparison CAF and No CAF spreadsheets, and the True-up spreadsheets.<sup>36</sup> This year, the Rate Ceiling and Tariff Rate Comparison spreadsheets have been modified to comply with section 51.915(f)(4).<sup>37</sup> This rule specifies that a price cap carrier may recover one-third of the amount it otherwise would have been eligible to recover under section 51.915(f)(2) from CAF ICC Support.<sup>38</sup>

##### 2. Access Reduction Spreadsheets

15. The Access Reduction spreadsheets (standalone and regional) identify the intrastate and interstate rates that are required to be reduced pursuant to section 51.907(b)-(h) of the Commission's rules, and calculate the amount of the reductions.<sup>39</sup> This year, the Access Reduction Spreadsheets have been modified to reflect the adjustment to bill-and-keep required by section 51.907(h) of the Commission's rules.<sup>40</sup>

##### 3. Eligible Recovery Spreadsheet

16. The Eligible Recovery spreadsheet calculates the amount of Eligible Recovery a price cap LEC is entitled to receive pursuant to section 51.915(d) of the Commission's rules.<sup>41</sup> This year, the Eligible Recovery Spreadsheet has been modified to change formulas in compliance with section 51.915(d)(vii) of the Commission's rules.<sup>42</sup>

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<sup>34</sup> *Policy and Rules Concerning Rates for Dominant Carriers*, Second Report and Order, 5 FCC Rcd 6786 (1990) (*LEC Price Cap Order*), *aff'd sub nom. National Rural Telecom Ass'n v. FCC*, 988 F.2d 174 (D.C. Cir. 1993).

<sup>35</sup> The changes described below are in addition to the changes made to the TRP price cap LECs filed in October 2017 to implement the *BDS Order*. See *Business Data Services in an Internet Protocol Environment; Technology Transitions; Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, WC Docket No. 16-143, GN Docket No. 13-5, WC Docket No. 05-25, RM-10593, Report and Order, 32 FCC Rcd 3459 (2017) (*BDS Order*). In addition to these changes, this year there is a TRP designed for use where no special access services in a study area are subject to price cap regulation per the rules adopted in the *BDS Order*.

<sup>36</sup> 47 CFR §§ 51.915(e), (f).

<sup>37</sup> *Id.* § 51.915(f)(4).

<sup>38</sup> *Id.* See § 51.915(f)(2).

<sup>39</sup> *Id.* §§ 51.907(b)-(h).

<sup>40</sup> *Id.* §§ 51.907(h).

<sup>41</sup> *Id.* § 51.915(d).

<sup>42</sup> *Id.* § 51.915(d)(vii).

#### 4. Reciprocal Compensation Spreadsheets

17. The Reciprocal Compensation spreadsheets demonstrate the calculations necessary to comply with section 51.705 of the Commission's rules, and calculate the Eligible Recovery for reciprocal compensation rate reductions pursuant to section 51.915(d).<sup>43</sup> These spreadsheets are the Non-CMRS Reciprocal Compensation and CMRS Reciprocal Compensation spreadsheets. This year, the Non-CMRS Reciprocal Compensation spreadsheet has been modified to reflect the adjustment to bill-and-keep required by section 51.705(c)(4) of the Commission's rules.<sup>44</sup>

#### 5. ICC Summary Spreadsheet

18. The ICC Summary Spreadsheet provides a summary of data contained in the ARC, Access Reduction, Eligible Recovery, Reciprocal Compensation, and True-up spreadsheets.

#### 6. IND1 Spreadsheet

19. The IND1 spreadsheet displays price cap indices (PCIs), actual price indices (APIs), service band indices (SBIs), and upper SBI limits. There are no changes to this spreadsheet. For the special access and interexchange baskets, to assist in verifying the historical indices reported in IND1, price cap LECs must continue to file workpapers that identify transmittals in which the current index levels became effective.

#### 7. CAP Spreadsheets

20. Price cap LECs develop the End User Common Line Charge (EUCL), the Presubscribed Interexchange Carrier Charge (PICC), and Carrier Common Line (CCL) rates, which are the rates that recover common line, marketing and transport interconnection (CMT) revenue, on CAP-1, CAP-2, CAP-3, CAP-4, and CAP-5.

21. Price cap LECs that price certain common line rate elements separately by jurisdiction within a study area are required to provide such individual rates, instead of a roll up or average rate, on the CAP-1J form.

#### 8. PCI1 Spreadsheet

22. The PCI1 spreadsheet displays the calculation of the PCIs for the price cap baskets and includes the following data: (1) the Gross Domestic Product Price Index (GDP-PI) measuring inflation; (2) the productivity offset (X-Factor);<sup>45</sup> (4) the exogenous cost change (Z); (5) the base-year (calendar-year 2017) revenue R for each basket; and (6) the weighting factor (w) used in computing the PCIs. There are no revisions to this spreadsheet.

#### 9. SUM1 Spreadsheet

23. This is a summary spreadsheet displaying the revenues in baskets and categories. It displays the base-year (calendar year 2017) service demand multiplied by: (1) current rates; and (2) proposed rates. SUM1 is used to calculate the difference in revenues using base-year demand, under current and proposed rates. There are no revisions to the SUM1 spreadsheet.

#### 10. EXG Spreadsheets

24. The EXG1 spreadsheet displays the exogenous cost changes to the PCIs attributable to any: (1) sale of exchanges; (2) FCC regulatory fees; (3) excess deferred taxes; (4) amortization of investment tax credits; (5) low end adjustment calculations; (6) fees associated with Telecommunications Relay Service; (7) changes in the allocation of costs between regulated and unregulated activities; (8)

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<sup>43</sup> *Id.* §§ 51.705, 51.915(d).

<sup>44</sup> *Id.* § 51.705(c)(4).

<sup>45</sup> The X-Factor is set pursuant to section 61.45 of the Commission's rules. *See* 47 CFR § 61.45.

North American Numbering Plan Administration expenses; (9) removal of thousand block number pooling; and (10) other exogenous cost changes the price cap LECs may file. There are no revisions to the EXG1 spreadsheet. The EXG2 spreadsheet displays the net exogenous shifts related to bands and zones. There are no revisions to the EXG2 spreadsheet.

### **11. Combined Indices**

25. The TRP includes a subprogram or switch that allows price cap LECs to combine several study areas for purposes of calculating the PCIs.<sup>46</sup> Thus, price cap LECs may file different tariffed rates while combining indices across study areas to demonstrate compliance, i.e., that the API is no greater than the PCI. There are no revisions to this program.

### **12. RTE1 Spreadsheets**

26. These spreadsheets display information used to compute the APIs, SBIs, and upper SBI. They display calendar year 2017 demand, current rates, proposed rates, and revenues computed by multiplying the 2017 demand by current and proposed rates. The RTE1 spreadsheets enable the Commission to verify the accuracy of “R,” the revenue variable in the PCI formula that equals base period (2017) demand multiplied by rates. Demand and price data are reported in the aggregate under the primary rate elements of each category. The level of aggregation in the RTE1 spreadsheets allows rapid, consistent verification of index calculations across all companies. There are no revisions to these spreadsheets.

### **13. Rate Detail Spreadsheet**

27. In their previous annual filings, each price cap LEC provided a spreadsheet that gave complete rate element detail, i.e., demand, existing rates, and proposed rates for each rate element subject to price caps. Price cap LECs should again file this spreadsheet with their 2018 annual access tariff filing. We leave unspecified the exact format of the rate detail spreadsheet because each price cap LEC has a different number of rate elements. For each rate element, however, price cap LECs should display the rate element name, jurisdiction, base period demand, current rates, and proposed rates. Price cap LECs also may include a rate identifying code. The revenue amounts for baskets and categories should be totaled to assist in verifying the agreement between this form and the revenue amounts in RTE1. The variation in the number of rate elements among price cap LECs prevents us from specifying the row numbers, but each row of this form should correspond to only one rate element. The rows should reflect the basket and service category sequence used in RTE1. There are no revisions to this spreadsheet.

### **14. Services Excluded from Price Caps**

28. For the 2018 filing, we require that price cap LECs provide a list of services that are tariffed, but are excluded from price caps. The list should identify the tariff section containing each service. Rate element details must be provided for the following categories: Special Construction/Individual Case Basis; End User Charges (e.g., USF charges, LNP); Government Services (e.g., FTS); Miscellaneous/Other (e.g., engineering services); and services that were in price caps but have been removed (e.g., interexchange services). Incumbent LECs do not have to include in this list services not subject to price cap regulation pursuant to the *USF/ICC Transformation Order* or *BDS Order*. For the remaining services included in the list, price cap LECs must identify the major service, indicate whether the rate is recurring or non-recurring, and the authority relied on to remove the service, where applicable. Price cap LECs must also clearly state in their cover letter where this information can be found in their TRP.

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<sup>46</sup> This switch in the program would apply, for example, to Verizon and CenturyLink, which have submitted TRPs where basket indices and service bands have been aggregated even though some study area tariffs have been kept separated.

## B. Miscellaneous

29. In addition to the above specifications, price cap LECs must include with their support materials a list of all currently applicable Part 69 waivers. The list should include the following information: (1) a citation to the Commission or Bureau order granting the waiver; (2) a brief description of the waiver, including whether any new rate elements were authorized; and (3) the basket and, if applicable, service category of each rate element affected by the waiver.

## IV. RATE-OF-RETURN TARIFF REVIEW PLAN

### A. Modifications to the Rate-of-Return TRP

30. In the 2018 rate-of-return TRP, we adopt certain modifications to the 2017 rate-of-return TRP in order to continue to implement the *USF/ICC Transformation Order*. In addition, we make modifications to reflect reforms adopted in the *Rate-of-Return Reform Order* and *Second Order on Reconsideration and Clarification*. These modifications are reflected in the workbooks referenced below. The TRP for rate-of-return LECs is contained in the Appendix.

31. For special access, common line, and CBOL services for section 61.38 carriers, the workbooks related to rate-of-return regulation of these services are modified to reflect the new method of reallocating special access costs to the CBOL category, and there are two versions of this workbook.<sup>47</sup> There is one version for carriers that receive CAF BLS support, the Annual Filing RoR CAF BLS workbook, and another version for carriers that receive model-based or Alaska Plan support, the Annual Filing RoR ACAM workbook, because the rules governing common line and CBOL rates differ depending on the type of support received.

32. For special access and CBOL services, section 61.39 incumbent LECs that receive CBOL support must submit the section 61.39 ILEC Special Access Reallocation workbook.<sup>48</sup> This workbook requires data and uses formulas to calculate the required cost reallocation from special access to the CBOL category. It also calculates the maximum permitted CBOL rate for 61.39 incumbent LECs that receive CAF BLS.<sup>49</sup>

33. For switched access services, incumbent LECs regulated pursuant to sections 61.38 and 61.39 of the Commission's rules must complete the ARC-related workbooks, Rate Ceiling CAF RoR ILEC or Rate Ceiling No CAF RoR ILEC, Tariff Rate Comp CAF RoR ILEC or Tariff Rate Comp No CAF RoR ILEC, and True-Up RoR ILEC, and the rate- and eligible recovery-related workbook, RoR ILEC ICC Data.<sup>50</sup> The ARC workbooks are modified to reflect the new limit on imputed ARC revenues from CBOL lines.<sup>51</sup> Two new worksheets are added to last year's True-Up workbook to calculate the imputed ARC true-up for CBOL loops, and this workbook is renamed True-Up RoR ILEC, to distinguish it from the unrevised workbook price cap incumbent LECs are required to submit.

34. The RoR-ILEC-ICC-Data workbook contains worksheets for carriers to determine their intrastate and interstate rates, and Eligible Recovery, pursuant to sections 51.909(b)-(h) and 51.917(d) of

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<sup>47</sup> See 47 CFR § 61.38.

<sup>48</sup> See 47 CFR § 61.39.

<sup>49</sup> The required data and the calculations in the 61.39 incumbent LEC special access reallocation workbook assume that section 61.39 incumbent LECs do not update their cost studies.

<sup>50</sup> See 47 CFR §§ 61.38, 61.39.

<sup>51</sup> Carriers that calculate a weighted average business ARC rate rather than using separate single line business and multiline business ARC rates as part of the imputed ARC calculation must explain this methodology in detail and submit the data and the calculations used to determine this weighted average rate.



the Commission's rules.<sup>52</sup> In addition, there are worksheets for carriers to calculate their reciprocal compensation rates and Eligible Recovery pursuant to sections 51.705(c)(4) and 51.917(d) of the Commission's rules, and to summarize their Eligible Recovery.<sup>53</sup> These worksheets are modified to the extent necessary to implement the requirements of the *USF/ICC Transformation Order* for the step of the transition required for the July 1, 2018 annual access charge tariff filing. These carriers also must provide a summary of the data from these spreadsheets in the RoR ILEC Summary workbook.

#### **B. General Guidelines Applicable to NECA**

35. We have not adopted a TRP for NECA, although NECA should refer to the rate-of-return TRP for guidance on the level of support materials to provide in its annual filing.

### **V. GENERAL INSTRUCTIONS**

36. The following general instructions apply to all incumbent LECs. These instructions pertain to the TRP and other documentation filed in support of access charges. Carriers are encouraged but not required to submit their data and formulas in Excel rather than PDF files.

#### **A. Revised TRPs**

37. If an incumbent LEC files to revise its TRP after June 18, 2018, the TRP should be refiled in its entirety, rather than just the parts of the TRP that are changed. The latest TRP filed becomes the TRP of record. Other parts of the original filing, e.g., portions of the explanations, description and justification, and workpapers, may be omitted if unchanged by the revision.

#### **B. Certification**

38. The filing of inaccurate or incomplete data may seriously detract from the ability of the Commission and interested parties to evaluate the revised rates. All incumbent LECs must certify that their historical and forecast data are accurate by including a signed statement that the support data are true, correct, and complete to the best of the carrier's knowledge. This certification will apply to all data submitted in support of revised rates, including the data that are filed in the TRP. Moreover, carriers are required to make several additional certifications pursuant to the *USF/ICC Transformation Order*.<sup>54</sup> These certifications should be displayed as the last pages in each company's filing containing its TRP. Incumbent LECs are also under a continuing legal obligation to correct any inaccurate or incomplete data subsequently discovered in the TRP or other support data.

#### **C. Compliance with the Paperwork Reduction Act**

39. As with each year's TRPs, the TRPs contained in this Order contain modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA).<sup>55</sup> The TRP collections were approved by the Office of Management and Budget (OMB) under the PRA.<sup>56</sup> In

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<sup>52</sup> See 47 CFR §§ 51.909(b)-(h), 51.917(d).

<sup>53</sup> *Id.* §§ 51.705(c)(4), 51.917(d).

<sup>54</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17987, para. 905 ("Carriers recovering eligible recovery will be required to certify annually that they are entitled to receive the recovery they are claiming and that they are complying with all rules pertaining to such recovery."). See also *id.* at 17964-65, para. 862 & note 1664 (incumbent LECs receiving Eligible Recovery must certify as part of their tariff filings, to both the FCC and any state commission exercising jurisdiction over the incumbent LEC's intrastate costs, that they are not seeking duplicative recovery in the state jurisdiction for any Eligible Recovery subject to the recovery mechanism).

<sup>55</sup> Public Law 104-13.

<sup>56</sup> See OMB Control No. 3060-0400. In the submission to OMB, we noted that the "Commission updates the price cap and rate-of-return TRP every year to eliminate respondents' requirements to file cost and demand data that may be more than two years old and to bring the TRP data into conformance with current Commission policies."

addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002,<sup>57</sup> we previously sought specific comment on how the Commission might further reduce the information collection burden for small business concerns with fewer than 25 employees.

40. In this Order, we have assessed the effects on incumbent LECs of filing the TRP and believe we have minimized the burden to the extent possible. We minimize the regulatory burden on the incumbent LECs by deleting obsolete sections of the TRP that have not proven to be useful, and carriers need not file historical data that was filed in previous years.<sup>58</sup>

## VI. ORDERING CLAUSES

41. Accordingly, IT IS ORDERED that, pursuant to sections 1, 4(i) and (j), 5, and 201-209 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i)-(j), 155, 201-209, and sections 0.91 and 0.291 of the Commission's rules, 47 CFR §§ 0.91, 0.291, this Order IS ADOPTED.

42. IT IS FURTHER ORDERED that, pursuant to sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 CFR §§ 0.91, 0.291, 1.3, section 69.3(a) of the Commission's rules, 47 CFR § 69.3(a), IS WAIVED to the extent specified in *supra* paragraph 1, note 4.

FEDERAL COMMUNICATIONS COMMISSION

Pamela S. Arluk  
Chief  
Pricing Policy Division  
Wireline Competition Bureau

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<sup>57</sup> Public Law 107-198; *see* 44 U.S.C. § 3506(c)(4).

<sup>58</sup> *See, e.g., supra* para. 28.

**APPENDIX**

**All Tariff Review Plans**

<https://www.fcc.gov/2018-tariff-review-plans>