

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

In the Matter of
July 1, 2024
Annual Access Charge Tariff Filings
WC Docket No. 24-41

ORDER

Adopted: May 10, 2024

Released: May 10, 2024

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

I. INTRODUCTION

1. In this Order, the Wireline Competition Bureau (Bureau) sets forth the Tariff Review Plans (TRPs) to be used by incumbent local exchange carriers (LECs or carriers) to substantiate their annual July 2024 interstate access service tariff revisions.

2. The 2024 TRPs implement the recovery rules adopted in the USF/ICC Transformation Order. The 2024 TRPs for rate-of-return carriers also implement the universal service reforms and tariffing requirements adopted in the Rate-of-Return Reform Order, Rate-of-Return BDS Order, and Enhanced A-CAM Order.

1 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 dates and comment periods for this year's annual access charge filings were released earlier in a separate order.

2 47 CFR § 69.3(a), (h); see id. § 1.3.

3 See Connect America Fund et al., WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17956-18002, para. 847-932 (2011) (USF/ICC Transformation Order), pets. for review denied sub nom. In re: FCC 11-161, 753 F.3d 1015 (10th Cir. 2014).

4 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 (2016) (Rate-of-Return Reform Order).

5 Regulation of Business Data Services for Rate-of-Return Local Exchange Carriers et al., WC Docket No. 17-144 et al., Report and Order, Further Notice of Proposed Rulemaking, and Second Further Notice of Proposed Rulemaking, 33 FCC Rcd 10403 (2018) (Rate-of-Return BDS Order).

6 Connect America Fund et al., WC Docket No. 10-90 et al., Report and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, FCC 23-60, at 39, para. 91 (July 24, 2023) (Enhanced A-CAM Order).

7 47 CFR §§ 51.700-51.715, 51.901-51.919, 61.38-61.39, 61.41-61.50, 69.3.

TRPs the Bureau developed for the July 2024 annual tariff filings. In the alternative, carriers may submit TRP worksheets developed by the carrier consistent with the Commission's rules.

## II. BACKGROUND

3. In the *USF/ICC Transformation Order*, the Commission required carriers to reduce, over a period of years, many of their switched access charges until those rates eventually reached zero, as part of the Commission's transition to a bill-and-keep regime.<sup>8</sup> At the same time, the Commission adopted a recovery mechanism to mitigate the impact of reduced intercarrier compensation revenues on carriers and to facilitate continued investment in broadband infrastructure.<sup>9</sup> As part of the recovery mechanism, the Commission defined as "Eligible Recovery" the amount of intercarrier compensation revenue reductions that carriers would be eligible to recover through a combination of an end-user charge, the Access Recovery Charge (ARC),<sup>10</sup> and, where eligible and if a carrier elects to receive it, Connect America Fund Intercarrier Compensation (CAF ICC) support.<sup>11</sup> A carrier's Eligible Recovery is based on a decreasing percentage of the cumulative reduction in revenue each year resulting from the intercarrier compensation reform transition.<sup>12</sup>

4. In the *Rate-of-Return Reform Order*, the Commission modified the rules governing the provision of high-cost universal service support for rate-of-return carriers.<sup>13</sup> The Commission allowed rate-of-return carriers the option of electing Alternative Connect America Cost Model (A-CAM) support for a term of 10 years in exchange for meeting defined build-out obligations.<sup>14</sup> For rate-of-return 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., where the customer purchases only stand-alone broadband.<sup>15</sup> This revised form of support is known as Connect America Fund Broadband Loop Support (CAF BLS).<sup>16</sup> As part of its implementation of the *Rate-of-Return Reform Order*, the Commission revised certain cost allocation and tariffing rules for rate-of-return carriers to introduce supported Consumer Broadband-only Loop (CBOL) services.<sup>17</sup> The Commission required rate-of-return carriers offering supported stand-alone broadband loops to move costs for these loops from the special access

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<sup>8</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-35, para. 801. The last of those rates went to zero in 2020. *See id.*, para. 801, fig. 9; 47 CFR §§ 51.907, 51.909.

<sup>9</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17677, para. 36.

<sup>10</sup> 47 CFR §§ 51.915(e), 51.917(e); *USF/ICC Transformation Order*, 26 FCC Rcd at 17958, para. 852.

<sup>11</sup> 47 CFR §§ 51.915(f), 51.917(f); *USF/ICC Transformation Order*, 26 FCC Rcd at 17957, para. 850. Beginning July 1, 2019, price cap incumbent LECs are no longer eligible to receive CAF ICC support. 47 CFR § 51.915(f)(5).

<sup>12</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17957-58, paras. 850-51.

<sup>13</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3089, para. 1.

<sup>14</sup> *Id.* at 3094-117, paras. 17-79.

<sup>15</sup> *Id.* at 3117-57, paras. 80-187.

<sup>16</sup> 47 CFR § 54.901.

<sup>17</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3157-62, paras. 188-204.

service category to a new CBOL service category.<sup>18</sup> The amount to be moved is to be determined consistent with the part 36 and part 69 cost allocation rules.<sup>19</sup>

5. The Commission also adopted rules governing the tariffing of CBOL rates, including a \$42 per-loop, per-month rate cap for rate-of-return carriers electing model-based or Alaska Plan support and a rate-setting methodology for rate-of-return carriers receiving CAF BLS.<sup>20</sup> For rate-of-return carriers electing model-based support, the Commission determined that such carriers would not be eligible to participate in the National Exchange Carrier Association, Inc. (NECA) common line pooling mechanism but could elect to have NECA tariff their common line rates.<sup>21</sup> The Commission further required rate-of-return carriers to impute an amount equal to the ARC they assess on voice/broadband lines to their supported CBOL service.<sup>22</sup> Rate-of-return carriers must also true-up the imputation made two years prior to the most recent annual filing.<sup>23</sup>

6. In the *Rate-of-Return BDS Order*, the Commission permitted rate-of-return carriers receiving model-based or fixed high-cost universal service support (electing carriers) to voluntarily elect to transition certain business data service (BDS) offerings from rate-of-return to incentive regulation.<sup>24</sup> For electing carriers' high capacity (above DS3) transport and end user channel termination services, the Commission eliminated ex ante pricing regulation and granted forbearance from tariffing requirements related to those services.<sup>25</sup> The Commission adopted a competitive market test for electing carriers' low capacity (DS3 and below) end user channel termination services to identify study areas where sufficient competition justifies removing ex ante pricing regulation and tariffing requirements for these services.<sup>26</sup> The Commission preserved ex ante pricing regulation while permitting contract-based tariffs and volume and term discounts for electing carriers' low capacity (DS3 and below) transport and end user channel termination services offered in noncompetitive study areas.<sup>27</sup> The Commission also adopted a

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<sup>18</sup> *Id.* at 3158-59, paras. 190-91.

<sup>19</sup> See *Connect America Fund et al.*, WC Docket No. 10-90 et al, Second Order on Reconsideration and Clarification, 33 FCC Rcd 2399, 2402-03, paras. 10-13 (2018) (*Rate-of-Return Reform Reconsideration Order*); 47 CFR §§ 69.311(b), 69.416.

<sup>20</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3459-60, paras. 194, 197-98; 47 CFR §§ 69.132(c)-(d).

<sup>21</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3160, paras. 195-96; 47 CFR § 69.3(e)(9).

<sup>22</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3161-62, para. 203.

<sup>23</sup> *Id.*; see 47 CFR § 51.917(f).

<sup>24</sup> *Rate-of-Return BDS Order*, 33 FCC Rcd at 10404, para. 1; 47 CFR §§ 61.50, 69.801 *et seq.* "Business data services" (formerly special access) as used herein refers to time-division multiplexing (TDM)-based transport and end user channel termination services. *Rate-of-Return BDS Order*, 33 FCC Rcd at 10404-5, paras. 1-4. The Commission allowed electing carriers to elect BDS incentive regulation for "other generally lower capacity non-packet based services that are commonly considered special access services," including "metallic services, voice grade services, audio services, and video services which are typically references in the special access services section of A-CAM carriers' interstate tariffs." *Id.* at 10415-16, para. 32 & n.85 (citing NECA Tariff F.C.C. No. 5 § 7); 47 CFR § 69.801(a) (defining "business data services").

<sup>25</sup> *Rate-of-Return BDS Order*, 33 FCC Rcd at 10404, para. 1.

<sup>26</sup> *Id.* at 10432-40, 10446-47, paras. 78-104, 121-124; see 47 CFR §§ 61.50(j), 69.803(c). The Commission directed the Bureau to update the competitive market test results every three years. *Rate-of-Return BDS Order*, 33 FCC Rcd at 10439-40, paras. 103-104; 47 CFR §§ 61.50(j), 69.803(c); *Wireline Competition Bureau Releases Results of Tests Required by Sections 61.50(j) and 69.803(c) of the Commission's Rules*, WC Docket Nos. 21-17 and 17-144, Public Notice, DA 23-76 (WCB Jan. 27, 2023) (*2023 BDS Triennial Update PN*).

<sup>27</sup> *Id.* at 10415-16, paras. 31-32; 47 CFR § 61.50(g).

methodology for electing carriers' low capacity (DS3 and below) BDS to establish their initial rates under incentive regulation.<sup>28</sup> The Commission granted electing carriers forbearance from cost assignment rules and separations rules and related reporting requirements,<sup>29</sup> and allowed electing carriers subject to the separations category relationship freeze to opt out of the freeze and update their category relationships.<sup>30</sup>

7. To prevent internal cost-shifting among study areas, the Commission required “electing carriers to elect incentive regulation at the holding company-level for study areas in all states where that carrier receives fixed support.”<sup>31</sup> Although a voluntary election, the Commission made the election irrevocable, prohibiting carriers from returning their study areas to rate-of-return regulation.<sup>32</sup> The Commission provided eligible carriers with two initial opportunities to elect incentive regulation in 2019 and 2020.<sup>33</sup> The Commission also provided eligible carriers that accept future offers of A-CAM support or that otherwise transition away from legacy support mechanisms with an additional opportunity to elect incentive regulation for their BDS offerings effective July 1 in the tariff year following their election.<sup>34</sup>

8. The Commission adopted a 36-month transition period for electing carriers during which tariffing would be permissive followed by mandatory detariffing.<sup>35</sup> The Commission required electing carriers to detariff their high capacity (above DS3) transport and end user channel termination services within 36 months after the effective date of its BDS election.<sup>36</sup> The Commission also required electing carriers to detariff their low capacity (DS3 and below) end user channel termination services in competitive study areas within 36 months after those services were deemed competitive.<sup>37</sup> Additionally, the Commission required electing carriers to freeze their tariffed BDS rates no longer subject to ex ante pricing regulation for six months after electing incentive regulation or after study areas offering low capacity end user channel termination services were deemed competitive, provided those rates remain tariffed.<sup>38</sup>

9. In the *Enhanced A-CAM Order*, the Commission adopted the Enhanced A-CAM program as a voluntary path for A-CAM carriers and legacy rate-of-return carriers to elect to receive Enhanced A-

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<sup>28</sup> *Rate-of-Return BDS Order*, 33 FCC Rcd at 10416-22, paras. 33-44.

<sup>29</sup> *Id.* at 10409-10, 10444, 10447-51, paras. 16, 116, 125-37. The Commission defined the term “Cost Assignment Rules” to include various rules from Parts 32, 63, 64, 65, and 69 of the Commission’s rules and section 220(a)(2) of the Act. *Id.* at 10447, para. 126, n.325.

<sup>30</sup> *Id.* at 10422-26, paras. 45-59; *see Jurisdictional Separations and Referral to the Federal-State Joint Board*, CC Docket No. 80-286, Report and Order and Waiver, 33 FCC Rcd 12743, 12750, para. 19 (2018) (*2018 Jurisdictional Separations Order*) (extending the part 36 jurisdictional separations freeze for up to six years until December 31, 2024).

<sup>31</sup> *Rate-of-Return BDS Order*, 33 FCC Rcd at 10413, para. 22; 47 CFR 61.50(a) (“A rate-of-return carrier may elect to offer business data services subject to incentive regulation pursuant to this section [section 61.50] only if all affiliated rate-of-return carriers meeting the requirements of...[section 61.50(b)]...make the election. A carrier’s election under this section is irrevocable.”).

<sup>32</sup> *Rate-of-Return BDS Order*, 33 FCC Rcd at 10413, para. 25.

<sup>33</sup> *Id.* at 10412-13, para. 23.

<sup>34</sup> *Id.* at 10411, para. 20; 47 CFR § 61.50(l)(3).

<sup>35</sup> *Rate-of-Return BDS Order*, 33 FCC Rcd at 10452, para. 143.

<sup>36</sup> *Id.* at 10452-53, paras. 140-45; 47 CFR § 61.50(k)(3).

<sup>37</sup> *Id.* at 10452-53, paras. 140-45; 47 CFR § 61.50(k)(3).

<sup>38</sup> *Id.* at 10452, paras. 142-43.

CAM support beginning January 1, 2024.<sup>39</sup> The Commission acknowledged that legacy rate-of-return carriers authorized to receive Enhanced A-CAM support would have requirements related to tariffs.<sup>40</sup> Consistent with the *Rate-of-Return Reform Order*, the Commission required Enhanced A-CAM carriers to exit the NECA common line tariff pool but permitted these carriers to participate in NECA tariffs for their common line and CBOL services.<sup>41</sup> The Commission also acknowledged that, “[p]ursuant to the *Rate-of-Return BDS Order*, Enhanced A-CAM recipients that have not already done so will also be eligible to move their business data services offerings to incentive regulation.”<sup>42</sup>

10. In authorizing Enhanced A-CAM recipients, the Bureau reminded recipients electing BDS incentive regulation that they are required to exit the NECA traffic sensitive pool for their BDS offerings but are allowed to continue participating in the NECA traffic sensitive tariff pool for access services other than BDS.<sup>43</sup> The Bureau reminded carriers electing BDS incentive regulation this year that they may begin de-tariffing their high capacity (above DS3) business data services and low capacity (DS3 and below) end user channel termination in study areas deemed competitive beginning in tariff filings effective July 1, 2024 and must de-tariff these BDS offerings no later than July 1, 2027.<sup>44</sup> Pursuant to section 61.50(k)(3) of the Commission's rules, Enhanced A-CAM recipients electing BDS incentive regulation are required to detariff their low capacity (DS3 and below) end user channel termination services in competitive study areas within 36 months after those services are deemed competitive by the competitive market test.<sup>45</sup>

### III. IMPLEMENTATION OF THE COMMISSION'S ORDERS

#### A. Annual Tariff Filing Rate-Level Limitation

11. Section 69.3(a) of the Commission's rules requires carriers to file an access charge tariff with the Commission for a two-year period with a scheduled effective date of July 1 and limits such tariff filings to rate-level changes.<sup>46</sup> We find good cause to waive this limitation in order to facilitate implementation of non-rate-level reforms associated with the *USF/ICC Transformation Order*, *Rate-of-Return Reform Order*, *Rate-of-Return BDS Order*, and the *Enhanced A-CAM Order*. This waiver is

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<sup>39</sup> See *Enhanced A-CAM Order* at 2, para. 2.

<sup>40</sup> *Id.* at 39, para. 91.

<sup>41</sup> *Id.* (citing *Rate-of-Return Reform Order*, 31 FCC Rcd at 3159-60, paras. 194-96). NECA Tariff F.C.C. No. 5 covers the common line tariff pool.

<sup>42</sup> See *id.* at 39, para. 91 (citing *Rate-of-Return BDS Order*, 33 FCC Rcd 10421-22, para. 44).

<sup>43</sup> *Wireline Competition Bureau Authorizes 368 Companies in 44 States to Receive Enhanced Alternative Connect America Cost Model Support to Expand Rural Broadband*, WC Docket No. 10-90, Public Notice, DA 23-1025, at 3-4 (WCB Oct. 30, 2023) (*Enhanced A-CAM Authorizations PN*); 47 CFR § 61.50(d); *Rate-of-Return BDS Order*, 33 FCC Rcd at 10445, para. 119. The NECA traffic-sensitive pool is contained in NECA F.C.C. Tariff No. 5. Other BDS offerings are contained in NECA F.C.C. Tariff No. 6.

<sup>44</sup> *Enhanced A-CAM Authorizations PN* at 4; see 47 CFR § 61.50(k)(3) (BDS offerings provided by rate-of-return carriers electing BDS incentive regulation that are subject to mandatory detariffing); *id.* § 61.50(j) (competitive market test for rate-of-return carriers electing BDS incentive regulation).

<sup>45</sup> 47 CFR § 61.50(k)(3); *Rate-of-Return BDS Order*, 33 FCC Rcd at 10452-53, paras. 140-145. The next triennial update to the competitive market test results is in 2026. See *2023 BDS Triennial Update PN* at 1; 47 CFR §§ 61.50(j)(2), 69.803(c).

<sup>46</sup> 47 CFR § 69.3(a).

consistent with actions we have taken in prior annual access tariff filing periods.<sup>47</sup> We note that the Bureau granted a limited waiver of sections 69.3(a) and 69.3(f) of the Commission's rules, to the extent that those rules would otherwise require rates to be effective July 1, to establish an effective date of July 2, 2024 for this years' 2024 annual access charge tariff filings.<sup>48</sup>

## B. Exogenous Costs

12. Rate-of-return carriers receiving model-based universal service support may recover increases in telecommunications relay service (TRS) fees, regulatory fees, and North American Numbering Plan Administration (NANPA) fees (collectively, "exogenous costs") attributable to common line through tariffed end-user charges and CAF ICC support. Model-based rate-of-return carriers must first look to recover exogenous cost increases attributable to common line through their subscriber line charges (SLCs), special access surcharges, and line port charges up to the maximum rate caps permitted for these carriers by the Commission's rules.<sup>49</sup> To the extent that model-based rate-of-return carriers are charging maximum SLCs, special access surcharges, and/or line port charges, they may recover otherwise unrecoverable exogenous cost increases attributable to common line through Eligible Recovery (ARCs, then, where eligible and if they so elect, CAF ICC support).<sup>50</sup> Model-based rate-of-return carriers that are charging less than the maximum SLCs, special access surcharges, and/or line port charges permitted for these carriers<sup>51</sup> may not recover any portion of exogenous cost increases attributable to common line through Eligible Recovery.<sup>52</sup>

13. Model-based rate-of-return carriers that voluntarily reduce their SLCs, special access surcharges, and/or line port charges below the maximums allowed under the Commission's rules and seek to recover exogenous cost increases attributable to switched access (other than common line) through Eligible Recovery, should continue to maintain and make available upon request to Commission staff a worksheet reporting the portions of the total increases attributable to common line, switched access (other than common line), and special access.<sup>53</sup> This will ensure model-based rate-of-return carriers that voluntarily reduce common-line rates do not add exogenous cost increases attributable to common line to Eligible Recovery for recovery through ARCs or CAF ICC support.<sup>54</sup> We ask that this worksheet be prepared twice, once for the original filing, and again as support for the two year true-up.<sup>55</sup>

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<sup>47</sup> See, e.g., *Material to be Filed in Support of 2020 Annual Access Tariff Filings*, WC Docket No. 20-55, Order, 35 FCC Rcd 4802, 4807, para. 16 (WCB 2020) (*2020 TRP Order*); see also 47 CFR § 1.3 ("Any provision of the rules may be waived by the Commission on its own motion or on petition if good cause therefore is shown."); *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1969) (*Northeast Cellular*) (citing *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969) (*WAIT Radio*)) (explaining that waivers must show special circumstances warranting a deviation from the general rule, and show such a deviation will serve the public interest).

<sup>48</sup> *Procedures Order* at 2-3, para. 5.

<sup>49</sup> See 47 CFR §§ 69.104(s), 69.115(f), 69.130(b).

<sup>50</sup> See *Material to be Filed in Support of 2012 Annual Access Tariff Filings*, WCB Pricing File No. 12-08, Order, 32 FCC Rcd 3960, 3962-63, paras. 6-7 (WCB/PPD 2012).

<sup>51</sup> See 47 CFR §§ 69.104(s), 69.115(f), 69.130(b).

<sup>52</sup> See *id.* § 51.917(e), (f).

<sup>53</sup> See *July 1, 2023 Annual Access Tariff Filings*, WC Docket No. 23-9, Order, DA 23-386, at 5, para. 12 (WCB May 11, 2023) (*2023 TRP Order*).

<sup>54</sup> See 47 CFR § 51.917(d)(vii) (requiring rate-of-return carriers to reduce Eligible Recovery to the extent it receives duplicative recovery for any costs or revenues from Eligible Recovery and another source).

<sup>55</sup> See *2023 TRP Order* at 5, para. 12.

**C. Rate-of-Return Carriers' Consumer Broadband-Only Loop (CBOL) Rates**

14. Pursuant to the *USF/ICC Transformation Order*, all rate-of-return carriers must file a TRP this year to comply with the requirements of sections 51.917(d)(1)(iv), and 51.917(e) of the Commission's rules.<sup>56</sup>

15. Rate-of-return carriers that provide CBOL service 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>57</sup> Rate-of-return carriers 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.<sup>58</sup> Rate-of-return carriers subject to section 61.39 of the Commission's rules may base rates for services subject to rate-of-return regulation on last year's cost studies, or may elect to conduct new cost studies.<sup>59</sup>

16. We remind rate-of-return carriers that offer CBOL service 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 consultant—must include in the 2024 TRP the data necessary to determine the maximum permitted CBOL rate.<sup>60</sup> Similarly, the entity filing special access rates for a rate-of-return carrier must include in the 2024 TRP the special access costs reallocated to the CBOL category and the special access costs, net of that reallocation, i.e., the revenue requirement on which special access rates are based. A carrier that has detariffed its CBOL rates shall provide the required information related to those rates in the relevant portion of the TRP.

17. In the *Rate-of-Return Reform Order*, the Commission required rate-of-return carriers to impute to their supported CBOL lines an amount equal to the ARC they assess on voice/broadband lines.<sup>61</sup> This ARC imputation applies to all supported lines, and is calculated separately for each type of broadband-only customer group (i.e., residential, single-line business, or multi-line business).<sup>62</sup> Rate-of-return carriers' calculation of CAF ICC support must reflect imputed ARC revenues from CBOL lines and their calculation of eligible recovery must reflect the true-up of the imputation made two years ago.<sup>63</sup>

**D. Enhanced A-CAM Carriers Electing Incentive Regulation for Business Data Services**

18. Consistent with the *Rate-of-Return BDS Order* and *Enhanced A-CAM Order*, this year, A-CAM carriers and legacy rate-of-return carriers that accepted Enhanced A-CAM support may elect to move certain business data service (BDS) offerings to incentive regulation under section 61.50 of the

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<sup>56</sup> 47 CFR § 51.917(d)(1)(iv), (e).

<sup>57</sup> *Rate-of-Return Reform Reconsideration Order*, 33 FCC Rcd at 2403, para. 13.

<sup>58</sup> *Id.* at 2402-03, paras. 9-13.

<sup>59</sup> *Id.*

<sup>60</sup> 47 CFR § 69.132(c) (“[T]he 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>61</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd at 3161-62, para. 203.

<sup>62</sup> 47 CFR § 51.917(f)(4); *see Rate-of-Return Reform Order*, 31 FCC Rcd at 3161-62, para. 203.

<sup>63</sup> *Rate-of-Return Reform Reconsideration Order*, 33 FCC Rcd at 2404, paras. 16-17; *see* 47 CFR § 51.917(f).

Commission's rules.<sup>64</sup> Enhanced A-CAM carriers participating in NECA tariff pools and electing BDS incentive regulation this year were required to notify NECA by November 17, 2023 that they were exiting the NECA common line tariff pool effective January 1, 2024 and to notify NECA by March 1, 2024 that they were exiting the NECA traffic-sensitive tariff pool for their BDS offerings effective July 1, 2024.<sup>65</sup> Enhanced A-CAM recipients electing BDS incentive regulation this year were also required to notify the Bureau by May 1, 2024 that they elect BDS incentive regulation effective July 2024.<sup>66</sup>

19. Enhanced A-CAM recipients that elected BDS incentive regulation may begin detariffing their high capacity (above DS3) transport and end user channel termination services and low capacity (DS3 and below) end user channel termination services in competitive study areas effective July 2, 2024, but must detariff these BDS offerings no later than the effective date of the July 2027 annual access charge tariff filing.<sup>67</sup> Electing carriers must also detariff their low-capacity (DS3 and below) end user channel termination services within 36 months after a study area is deemed competitive pursuant to a triennial update to the competitive market test.<sup>68</sup> Consistent with the *Rate-of-Return BDS Order*, carriers electing BDS incentive regulation this year are also subject to a 6-month rate freeze ending January 2, 2025 for their tariffed BDS rates no longer subject to ex ante pricing regulation, including high capacity (above DS3) transport and end user channel termination services and low capacity (DS3 and below) end user channel termination services in competitive study areas, provided those rates remain tariffed.<sup>69</sup>

20. *Initial Incentive-Based BDS Rates.* Electing carriers that continue to tariff their BDS offerings must calculate incentive-based rates for these BDS offerings based on the price cap procedures outlined in sections 61.42 through 61.49 of the Commission's rules.<sup>70</sup> Enhanced A-CAM carriers that file their own tariffed rates and that elect incentive regulation must establish initial BDS rates (before adjustments for the X-factor, inflation factor, exogenous cost changes, and unfreezing category relationships) for low capacity (DS3 and below) transport and end-user channel termination services offered in noncompetitive study areas based on their tariffed rates in effect on January 1, 2024.<sup>71</sup> Electing

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<sup>64</sup> *Rate-of-Return BDS Order*, 33 FCC Rcd at 10454-57, para. 3; *Enhanced A-CAM Order*, at 39, para. 91; 47 CFR § 61.50. The Commission adopted a competitive market test for electing carriers' low capacity end user channel termination services to identify study areas where sufficient competition justifies removing ex ante pricing regulation for these services. *Rate-of-Return BDS Order*, 33 FCC Rcd at 10432, paras. 78-81; 47 CFR § 61.50(j) (competitive market test for rate-of-return carriers electing incentive regulation).

<sup>65</sup> *Enhanced A-CAM Authorizations PN* at 3 (citing 47 CFR § 69.3(i)(6), (i)(1); *Rate-of-Return BDS Order*, 33 FCC Rcd at 10445, para. 119).

<sup>66</sup> *Id.*

<sup>67</sup> *Rate-of-Return BDS Order*, 33 FCC Rcd at 10452, para. 142 ("carriers electing incentive regulation in connection with a subsequent offer of A-CAM support, or carriers that the Commission otherwise transitions away from legacy support mechanisms must detariff the relevant business data services within thirty-six (36) months of the date on which their incentive-based rates take effect or their transition away from legacy support mechanisms becomes effective"); 47 CFR § 61.50(k)(3) (BDS offerings provided by rate-of-return carriers electing BDS incentive regulation that are subject to mandatory detariffing).

<sup>68</sup> 47 CFR § 61.50(k)(3)(ii). The next triennial update to the competitive market test results is in 2026. *See 2023 BDS Triennial Update PN* at 1; 47 CFR §§ 61.50(j)(2), 69.803(c).

<sup>69</sup> *See Rate-of-Return BDS Order*, 33 FCC Rcd at 10452, para. 142 ("for six (6) months following" the date on which electing carriers' "incentive-based rates take effect or their transition away from legacy support mechanisms becomes effective," "such carriers will be required to freeze their tariffed rates for BDS that are no longer subject to ex ante pricing regulation, provided those rates remain tariffed.").

<sup>70</sup> 47 CFR § 61.50(c).

<sup>71</sup> *See Rate-of-Return BDS Order*, 33 FCC Rcd at 10418, para. 37.



carriers participating in the NECA traffic-sensitive tariff pool must establish initial business data services rates (before the adjustments mentioned above) under incentive regulation by multiplying the NECA pool rates in effect on January 1, 2024 by a net contribution or net recipient factor in accordance with the procedure set forth in the *Rate-of-Return BDS Order*.<sup>72</sup>

21. *Frozen Separations Category Relationships.* Consistent with the *Rate-of-Return BDS Order*, electing carriers that choose to update their frozen separation category relationships effective July 2, 2024 must conduct two 2023 cost studies—one based on frozen category relationships and one based on unfrozen relationships.<sup>73</sup> To determine its BDS rates under incentive regulation, the electing carrier must develop a rate adjustment factor by dividing the BDS costs from the cost study based on unfrozen category relationships by the BDS costs from the cost study based on frozen category relationships.<sup>74</sup> The carrier must then apply this factor to the initial BDS rates (prior to adjustments for the X-factor, inflation factor, and any exogenous cost changes) established in accordance with the procedures adopted in the *Rate-of-Return BDS Order* to set the carrier's initial rates for low capacity (DS3 and below) transport and end user channel termination services under incentive regulation. The carrier then adjusts these rates by the X-factor, inflation factor, and any exogenous cost changes and may adjust these rates to reflect any pricing flexibility allowed among services within the special access basket.<sup>75</sup>

22. In the *Rate-of-Return BDS Order*, the Commission also required carriers electing BDS incentive regulation and unfreezing their category relationships to take steps to prevent double recovery of costs.<sup>76</sup> Electing carriers must calculate the difference between the interstate switched access costs in the two 2023 cost studies and adjust their Base Period Revenue based on this difference before applying the Rate-of-Return Carrier Baseline Adjustment Factor to the Base Period Revenue, as required by the *USF/ICC Transformation Order*.<sup>77</sup> These carriers must include in their 2024 annual access tariff filing worksheets showing how they implemented the unfreezing measures set forth in the *Rate-of-Return BDS Order*.<sup>78</sup> Electing carriers that participate in the NECA tariff must also report to NECA the interstate switched access cost difference between the two 2023 cost studies and its revised Base Period Revenue amount.<sup>79</sup> NECA must reflect these Base Period Revenue changes in its settlement procedures.<sup>80</sup>

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<sup>72</sup> See *id.* at 10418-19, paras. 38-39. Electing carriers currently participating in NECA traffic-sensitive tariff pool for their BDS offerings must remove such offerings from the pool since those services will be subject to incentive regulation. *Id.* at 10414-15, para. 29.

<sup>73</sup> See *Rate-of-Return BDS Order*, 33 FCC Rcd at 10425-26, para. 56.

<sup>74</sup> See *id.* at 10425-26, para. 56 n.157.

<sup>75</sup> See *id.* at 10425-26, para. 56.

<sup>76</sup> See *id.* at 10426, paras. 58-59.

<sup>77</sup> See *id.* at 10426, para. 57; see *USF/ICC Transformation Order*, 26 FCC Rcd at 17957-58, 17982-83, paras. 851, 899; 47 CFR § 51.917(b)(3). A rate-of-return carrier's Base Period Revenue is the sum of certain intrastate switched access revenues and net reciprocal compensation revenues received by March 31, 2012, for services provided during Fiscal Year 2011, and the projected revenue requirement for interstate switched access services for the 2011-2012 tariff period (July 1, 2011 through June 30, 2012). See 47 CFR § 51.917(b)(7). The Rate-of-Return Carrier Baseline Adjustment Factor is equal to 95% for the period beginning July 1, 2012. It is reduced by 5% of its previous value in each subsequent annual tariff filing. See 47 CFR § 51.917(b)(3).

<sup>78</sup> See *Rate-of-Return BDS Order*, 33 FCC Rcd at 10426, para. 58.

<sup>79</sup> See *id.* at 10426, para. 57.

<sup>80</sup> See *id.*

#### IV. PRICE CAP TARIFF REVIEW PLAN

23. Price cap carriers are required to file tariffs each year.<sup>81</sup> Section 69.3(h) of the Commission’s rules requires those tariff filings to meet the notice requirements of section 61.58 of the Commission’s rules, ordinarily with a scheduled effective date of July 1.<sup>82</sup> As explained above, the Bureau granted a limited waiver establishing an effective date of July 2, 2024 for 2024 annual tariff filings submitted on 7- and 15-days’ notice.<sup>83</sup> We likewise grant price cap carriers a limited waiver of section 69.3(h) of the Commission’s rules to allow price cap carriers filing on 7- or 15-days’ days’ notice to be effective July 2, 2024.<sup>84</sup> Price cap annual tariff filings are limited to changes in the Price Cap Indexes, rate level changes (with corresponding adjustments to the affected Actual Price Indexes and Service Band Indexes), and the incorporation of new services into the affected indexes as required by section 61.49 of the Commission’s rules.<sup>85</sup> All price cap carriers should file 2024 price cap annual access TRPs, as outlined below.

##### A. Price Cap TRPs

24. We adopt several changes for the 2024 price cap annual access TRPs, as noted below.<sup>86</sup>

##### 1. ARC Workbooks

25. The ARC workbooks consist of three individual workbooks that demonstrate the calculations necessary to determine an ARC rate. These workbooks were created to comply with sections 51.915(e) and (f) of the Commission’s rules, and include the 2024 Rate Ceiling, 2024 Tariff Rate Comparison, and 2024 True Up workbooks.<sup>87</sup>

##### 2. Eligible Recovery Workbook

26. The 2024 Eligible Recovery workbook calculates the amount of Eligible Recovery a price cap carrier is entitled to receive pursuant to section 51.915(d) of the Commission’s rules.<sup>88</sup> This year, the Eligible Recovery workbook has been modified to change formulas in compliance with section 51.915(d)(viii) of the Commission’s rules.<sup>89</sup>

##### 3. ICC Summary Workbook

27. The 2024 Price Cap Summary workbook provides a summary of data contained in the ARC workbooks (2024 Rate Ceiling, 2024 Tariff Rate Comparison, and 2024 True Up workbooks) and 2024 Eligible Recovery workbook.

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<sup>81</sup> 47 CFR § 69.3(h).

<sup>82</sup> *Id.*

<sup>83</sup> *Procedures Order* at 2-3, para. 5 (waiver of the annual tariff filing July 1 effective date was “necessary to allow incumbent LECs reducing their rates to avail themselves of the 7-days’ notice streamlined tariff filing procedures established pursuant to section 204(a)(3) of the Act.”).

<sup>84</sup> *Id.*; 47 CFR § 1.3.

<sup>85</sup> 47 CFR § 69.3(h).

<sup>86</sup> The workbooks discussed below are contained in the Appendix.

<sup>87</sup> 47 CFR § 51.915(e)-(f).

<sup>88</sup> *Id.* § 51.915(d).

<sup>89</sup> *Id.* § 51.915(d)(viii).

#### 4. IND1 Worksheet

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

#### 5. CAP Worksheet

29. Price cap carriers develop the End User Common Line (EUCL) Charge, 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.

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

#### 6. PCI1 Worksheet

31. The PCI1 worksheet displays the calculation of the proposed 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>90</sup> (3) the exogenous cost change (Z); (4) the base-year (calendar-year 2023) revenue (R) for each basket; (5) the weighting factor (w) used in computing the PCIs; and (6) the immediately preceding PCIs. There are no revisions to this worksheet.

#### 7. SUM1 Worksheet

32. This is a summary worksheet displaying the revenues in baskets and categories. It displays the base-year demand multiplied by: (1) rates at last PCI update; (2) current rates; and (3) proposed rates. SUM1 calculates the difference in revenues using base-year demand, under current and proposed rates. It also displays “R,” the revenue variable in the PCI formula that equals base period demand multiplied by rates at last PCI update. There are no revisions to the SUM1 worksheet.

#### 8. Exogenous Costs Workbook and Worksheets

33. The 2024 Template for Exog Cost Calculations workbook is used to perform the detailed set of calculations that yield the exogenous cost adjustments. These exogenous cost adjustments are transferred to the price cap ILEC TRPs used to set common line and special access rates.

34. The EXG1 worksheet 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 TRS; (7) changes in the allocation of costs between regulated and unregulated activities; (8) NANPA expenses; (9) removal of thousand block number pooling; or (10) other exogenous cost changes the price cap carriers may file. There are no revisions to the EXG1 worksheet. The EXG2 worksheet displays the net exogenous shifts related to bands and zones. There are no revisions to the EXG2 worksheet. Price cap carriers shall reflect an exogenous cost adjustment for TRS in a mid-September filing to incorporate the final contribution factor for tariff year 2023-24 in rates to become effective October 1, 2024 as this factor was not available by May 1, 2024. That exogenous cost adjustment for TRS shall be “grossed up” to spread the entire adjustment over the remaining months in the tariff year. The exogenous cost adjustments for regulatory and NANPA fees also shall be reflected in rates that take effect October 1, 2024, as these fees are

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<sup>90</sup> The X-Factor is set pursuant to section 61.45 of the Commission’s rules. *Id.* § 61.45.

obligations covering a fiscal year that begins October 1, 2024. The exogenous cost adjustment for TRS for tariff year 2023-24 has to be grossed up and reflected in rates effective October 1, 2024, because the final contribution factor was not available by May 1, 2024. Price cap carriers therefore must make an exogenous cost adjustment in this year's annual filing to remove the effect of that gross up from existing rates. Otherwise, price cap carriers will over- or under-recover their TRS exogenous costs beginning July 2024. Carriers that made an exogenous cost adjustment for TRS to the special access basket PCI and SBI upper limits or to the CMT-revenue-per-line constraint in their mid-September 2023 TRPs must remove the effect of the gross-up from these parameters, regardless of whether they changed their rates on October 3, 2023 or subsequently.<sup>91</sup> Finally, price cap carriers have the option of not making an October 1, 2024 exogenous cost filing and rate adjustment if the total amount of such adjustments would either increase rates or meet a *de minimis* threshold equal to the current standard tariff filing fee, applied on the same basis as the tariff filing for which the filing fee is paid.<sup>92</sup>

### **9. RTE1 Worksheet**

35. These worksheets display information used to compute the APIs, SBIs, and upper SBI. They display base year 2023 demand, rates based on the last PCI update, current rates, proposed rates, and three different revenue figures computed by multiplying the 2023 demand by rates based on the last PCI update, current rates, and proposed rates, respectively. The RTE1 worksheets enable the Commission to verify the accuracy of "R," the revenue variable in the PCI formula that equals base period demand multiplied by rates based on the last PCI update. Demand and price data are reported in the aggregate under the primary rate elements of each category. The level of aggregation in the RTE1 worksheets allows rapid, consistent verification of index calculations across all companies. There are no revisions to these worksheets.

### **10. Rate Detail Workbook**

36. Price cap carriers are required to provide a workbook that displays complete rate element detail, i.e., demand, rates based on the last PCI update, existing rates, and proposed rates for each rate element subject to price caps, and revenues at each of these rates. For each rate element, price cap carriers are required to display the rate element name, jurisdiction, base-period demand, rates based on the last PCI update, current rates, and proposed rates, and revenues based on each of these rates multiplied by base period demand. Price cap carriers also may include a rate-identifying code. The revenue amounts for baskets and categories are totaled to support the revenue amounts in RTE1. Each row of this workbook corresponds to only one rate element. The rows reflect the basket and service category sequence used in RTE1. There are no revisions to this workbook.

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

37. For the 2024 filing, we require price cap carriers to provide a list of services that are tariffed but 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). Price cap carriers do not have to include in this list services not subject to price cap regulation pursuant to the *USF/ICC Transformation Order* or *Price Cap BDS*

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<sup>91</sup> See *Exogenous Cost Public Notice; 2023 TRP Order* at 12, para. 41.

<sup>92</sup> See 47 CFR § 1.1105.

*Order*.<sup>93</sup> For the remaining services included in the list, price cap carriers must identify the service, indicate whether the rate is recurring or non-recurring, and the authority relied on to remove the service, where applicable. Price cap carriers must also clearly state in their cover letter where this information can be found in their TRP.

## **B. Miscellaneous**

38. In addition to the above specifications, price cap carriers 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.

## **V. RATE-OF-RETURN TARIFF REVIEW PLAN**

### **A. Modifications to the Rate-of-Return TRPs**

39. In the 2024 rate-of-return TRP, we adopt certain modifications to the 2023 rate-of-return TRP to continue to implement the *USF/ICC Transformation Order*, the *Rate-of-Return Reform Order*, *Rate-of-Return BDS Order*, and the *Enhanced A-CAM Order*. These modifications are reflected in the workbooks referenced below. In addition, we attach a TRP for rate-of-return carriers subject to incentive regulation for certain BDS offerings. These TRPs are contained in the Appendix. Although they are not incumbent LECs, certain centralized equal access (CEA) providers are regulated as dominant rate-of-return carriers subject to the cost-based tariff filing requirements of section 61.38 of the Commission's rules.<sup>94</sup> CEA providers subject to section 61.38, which are required to file tariffs this year, an even year, are directed to submit demand and cost data to support the proposed rate for each rate element reflected in their tariffs, though we do not require a specific format for these data.<sup>95</sup> At a minimum, however, these providers should include in their filings worksheets in native Excel format with data disaggregated to show how they determine cost-based rates for their services consistent with our part 32, 36, 64, and 69 accounting rules.<sup>96</sup> CEA providers also must calculate their competitive LEC benchmark rates, showing all supporting calculations and data.

40. For special access, common line, and CBOL services for section 61.38 carriers, there are two versions of the workbooks related to rate-of-return regulation.<sup>97</sup> The "2024 Annual Filing RoR CAF-BLS" and "2024 Annual Filing RoR Fixed Support" workbooks apply to section 61.38 carriers that receive CAF-BLS and fixed support (A-CAM, Enhanced A-CAM, or Alaska Plan), respectively.<sup>98</sup>

<sup>93</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd 17663; *Business Data Services in an Internet Protocol Environment et al.*, WC Docket No. 16-143 et al., Report and Order, 32 FCC Rcd 3459 (2017), *remanded in part sub nom.*, *Citizens Telecomms. Co. of Minn., LLC v. FCC*, 901 F.3d 991 (2018).

<sup>94</sup> 47 CFR §§ 61.26, 61.38, 69.3(f)(1); see *2020 TRP Order*, 35 FCC Rcd at 4810, para. 33; *id.* at 4802-03, para. 2 n.5.

<sup>95</sup> See *2020 TRP Order*, 35 FCC Rcd at 4810, para. 33; 47 CFR § 61.38. But see *Minnesota Independent Equal Access Corporation's Petition for Forbearance From Dominant Carrier Regulation*, WC Docket No. 22-407, Declaratory Ruling and Memorandum Opinion and Order, FCC 23-94 (Nov. 14, 2023) (granting CEA provider Minnesota Independent Equal Access Corporation (MIEAC) forbearance from dominant carrier regulation, including cost-based tariff filing requirements in section 61.38 of the Commission's rules).

<sup>96</sup> See 47 CFR parts 32, 36, 64 and 69.

<sup>97</sup> See *id.* § 61.38.

<sup>98</sup> See *generally Rate-of-Return Reform Order*, 31 FCC Rcd at 3094-3117, paras. 17-79 (adopting a voluntary path for rate-of-return incumbent LECs to elect model-based support for a term of 10 years in exchange for meeting

(continued....)

41. For special access and CBOL services, section 61.39 carriers that receive CBOL support should submit the “2024 61.39 ILEC Special Access Reallocation” workbook.<sup>99</sup> This workbook shows the special access costs reallocated to the CBOL category and the special access costs, net of that reallocation, for section 61.39 carriers that receive CBOL support, and calculates the maximum permitted CBOL rate for 61.39 carriers that receive CAF BLS.

42. For switched access services, rate-of-return carriers regulated pursuant to sections 61.38 and 61.39 of the Commission’s rules should complete the “2024 RoR ILEC ICC Data” workbook. This workbook contains worksheets for carriers to determine their intrastate, interstate, and reciprocal compensation rates and Eligible Recovery, pursuant to sections 51.909(b)-(j) and (l)-(o), 51.705(c)(5) and 51.917(d) of the Commission’s rules.<sup>100</sup> The RoR ILEC Interstate Rates worksheet is revised to allow for the adjustment to base period revenues that is required for carriers that elect incentive regulation and unfreeze their category relationships effective July 2, 2024. These carriers also should complete the ARC- and CAF-ICC- related workbooks:<sup>101</sup> (i) the “2024 Rate Ceiling CAF RoR ILEC” or the “2024 Rate Ceiling No CAF RoR ILEC;” and (ii) the “2024 Tariff Rate Comp CAF RoR ILEC” or the “2024 Tariff Rate Comp No CAF RoR ILEC” workbooks. These carriers also should complete the “2024 True Up RoR ILEC” workbook.<sup>102</sup> These workbooks are modified to the extent necessary to implement the requirements of the *USF/ICC Transformation Order*.<sup>103</sup> Carriers must also summarize the data from these workbooks in the “2024 RoR ILEC Summary” workbook.

43. NECA prepared TRPs for rate-of-return carriers that elected incentive regulation for BDS offerings pursuant to the *Rate-of-Return BDS Order* and *Enhanced A-CAM Order*. These TRPs are for carriers for which NECA files special access rates, and these TRPs or their equivalents should be used by carriers that file their own special access rates. The “Existing BDS TY 2024-2025 Holding Company BDS Annual TRP” is for carriers that currently file BDS rates under incentive regulation, establish a PCI, API, SBIs, and upper SBI limits at the holding company level (holding company filer), and do not add study areas to this TRP in 2024. The “Existing BDS TY 2024-2025 Individual Study Area BDS Annual TRP” is for carriers that currently file BDS rates under incentive regulation and establish PCIs, APIs, SBIs, and upper SBI limits at the study area level (study area filer). The “New BDS TY 2024-2025 Holding Company BDS Annual TRP” and the “New BDS TY 2024-2025 Individual Study Area BDS Annual TRP” are for carriers that file BDS rates under incentive regulation for the first time effective July 2024 and are doing so as holding company filers or study area filers, respectively. The “New BDS TY 2024-2025 Combined Current Holding Company BDS Annual TRP” is for carriers that currently file BDS rates under incentive regulation and are doing so as holding company filers for the first time. The “New BDS TY 2024-2025 MIXED Holding Company BDS Annual TRP” is for carriers that are holding company filers and their study areas include at least one filing BDS rates under incentive regulation for

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defined build-out obligations); *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 10139 (2016) (providing a one-time opportunity for Alaskan rate-of-return incumbent LECs to elect to receive support frozen at adjusted 2011 levels for a 10-year term in exchange for meeting individualized performance obligations).

<sup>99</sup> See 47 CFR § 61.39.

<sup>100</sup> See *id.* §§ 51.909(b)-(j) and (l)-(o), 51.705(c)(5), 51.917(d).

<sup>101</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.

<sup>102</sup> See 47 CFR §§ 61.38, 61.39.

<sup>103</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-35, para. 801.

the first time effective July 2024 and at least one filing BDS rates under incentive regulation in years prior to 2024. These workbooks calculate the price cap indices and exogenous cost adjustments pursuant to section 61.50, display the relevant rates and revenues, including the proposed rates for low capacity (DS3 or lower) TDM-based transport and end-user channel termination BDS services, other than end-user channel termination services in study areas deemed competitive, and demonstrate compliance of the proposed rates with section 61.50.<sup>104</sup>

44. The “Cost Study Results – Frozen and Unfrozen Category Relationships” workbook applies to carriers that elect incentive regulation and unfreeze their category relationships effective July 2, 2024. Within this workbook, the worksheet “COS-1(H) Unfrozen Cat. Rel.” is used to display the results of the required 2023 cost study that reflects unfrozen category relationships. The worksheet “COS-1(H) Frozen Cat. Rel.” is used to display the results of the required 2023 cost study that reflects frozen category relationships. The special access revenue requirements developed from the two studies are used as inputs to the BDS incentive regulation TRPs designed for use by carriers that elect incentive regulation effective July 2, 2024. The switched access revenue requirements developed from the two studies are used as inputs to the “2024 RoR ILEC ICC Data” workbook.

45. In the *2023 TRP Order*, the Bureau instructed rate-of-return carriers that elected BDS incentive regulation to reflect exogenous cost adjustments for TRS, NANPA, and regulatory fees in a mid-September filing in rates to become effective October 3, 2023.<sup>105</sup> Any exogenous cost adjustment for TRS reflected in rates in effect October 3, 2023 had to be “grossed up” to spread the entire adjustment over the remaining months in the tariff year.<sup>106</sup> Absent an exogenous cost adjustment in this year’s annual filing to remove the effect of the gross-up reflected in the exogenous cost adjustment for TRS, these carriers will over- or under-recover their TRS costs beginning July 2, 2024. Accordingly, any gross-up amount reflected in existing rates through the exogenous cost adjustment on October 3, 2023 must be removed in this year’s annual filing via an exogenous cost adjustment.<sup>107</sup> Carriers that made an exogenous cost adjustment for TRS to the special access basket PCI and SBI upper limits in their mid-September 2023 TRPs must remove the effect of the gross-up from these indices, regardless of whether they changed their rates on October 3, 2023 or subsequently. The exogenous cost adjustment to remove the effect of the gross-up is reflected in the TRPs contained in the Appendix.

46. Rate-of-return carriers electing BDS incentive regulation shall reflect exogenous cost adjustments for TRS, NANPA, and regulatory fees in a mid-September 2024 filing in rates to become effective October 1, 2024. Any exogenous cost adjustment for TRS reflected in rates in effect October 1, 2024 shall be “grossed up” to spread the entire adjustment over the remaining months in the tariff year. Rate-of-return carriers electing BDS incentive regulation have the option of not making an October 1, 2024 exogenous cost filing and rate adjustment if the total amount of such adjustments would either increase rates or meet a *de minimis* threshold equal to the standard tariff filing fee, applied on the same basis as the tariff filing for which the filing fee is paid.<sup>108</sup>

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

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<sup>104</sup> 47 CFR § 61.50.

<sup>105</sup> *2023 TRP Order* at 12, para. 42; see *Wireline Competition Bureau Announces Posting of 2023 Tariff Review Plan for Exogenous Cost Filings by Rate-of-Return Carriers that Elected Incentive Regulation for Business Data Services*, WC Docket No. 23-9, Public Notice, DA 23-772 (WCB Sept. 1, 2023) (*2023 Exogenous Costs PN*).

<sup>106</sup> *2023 TRP Order* at 12, para. 42.

<sup>107</sup> See *id.*

<sup>108</sup> See *id.*; 47 CFR § 1.1105.

47. We have not adopted a TRP for NECA for services other than BDS, although NECA should refer to the 2024 rate-of-return TRPs for guidance on the level of support materials to provide in its annual filing.

## VI. GENERAL INSTRUCTIONS

48. 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 should submit their data and formulas in Excel rather than PDF files.

### A. Revised TRPs

49. If an incumbent LEC files an amended transmittal revising its TRP after June 17, 2024, 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

50. 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, incumbent LECs are required to make several additional certifications pursuant to the *USF/ICC Transformation Order*.<sup>109</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

51. As is the case with each year's TRPs, the 2024 TRPs contained in this Order contain modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA).<sup>110</sup> The TRP collections were approved by the Office of Management and Budget (OMB) under the PRA.<sup>111</sup> In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002,<sup>112</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.

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<sup>109</sup> *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 & n.1664 (explaining that incumbent LECs receiving Eligible Recovery must certify as part of their tariff filings, to both the Commission 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>110</sup> Pub. L. No. 104-13; *see* 44 U.S.C. § 3507.

<sup>111</sup> *See* OMB, Notice of OMB Action, OMB Control No. 3060-0400 (dated Jul. 25, 2023), <https://www.reginfo.gov/public/do/PRAOMBHistory?ombControlNumber=3060-0400#>. In the submission to OMB, the Commission noted that it "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." FCC, OMB Control No. 3060-0400, Supporting Statement at 3 (dated May 2023), <https://www.reginfo.gov/public/do/DownloadDocument?objectID=131659201>; 44 U.S.C. § 3507.

<sup>112</sup> Pub. L. No. 107-198; *see* 44 U.S.C. § 3506(c)(4).



52. In this Order, we have assessed the effects on incumbent LECs of filing the TRP and 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 by not requiring carriers to file historical data that was filed in previous years.

## VII. ORDERING CLAUSES

53. 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.

54. 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) and (h) of the Commission's rules, 47 CFR § 69.3(a), (h), ARE WAIVED to the extent specified herein.

55. IT IS FURTHER ORDERED, pursuant to section 1.102(b) of the Commission's rules, 47 CFR § 1.102(b), that this Order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Victoria S. Goldberg  
Chief, Pricing Policy Division  
Wireline Competition Bureau

**APPENDIX**

**2024 Tariff Review Plans:**

<https://www.fcc.gov/wireline-competition/2024-2025-tariff-review-plans>