

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

DA 01-1105

In the Matter of)
Material to be Filed in Support of)
2001 Annual Access Tariff Filings)

TARIFF REVIEW PLANS

Adopted: April 27, 2001; Released: April 30, 2001

By the Chief, Competitive Pricing Division:

I. INTRODUCTION

1. We set forth herein the Tariff Review Plans (TRPs) that incumbent local exchange carriers (ILECs) should file to support the annual revisions to the rates in their interstate access service tariffs scheduled to become effective on July 3, 2001. The completion of the TRPs appended to this document will partially fulfill the requirements established in Sections 61.38, 61.39 and 61.41 through 61.49 of the Commission's Rules.¹ The TRPs display basic data on rate development in a consistent manner, thereby facilitating review of the ILEC rate revisions by the Commission and interested parties.² The annual TRPs have served this purpose effectively in past years.

2. Based on the Bureau's experience in reviewing the TRPs in prior years, the submission by the price cap ILECs of the short form TRP on May 15, 2001,³ together with comments and replies by interested parties will aid the Bureau in analyzing the annual demand and rate revisions to be effective July 3, 2001. Section II details modifications to the TRP. The rate-of-return TRP contained in Appendix C is discussed in Section III. Guidelines for ILECs filing under Sections 61.38 and 61.39 are also discussed in Section III. Appendix A describes filing procedures applicable to all ILECs that will file a 2001 annual access tariff filing.

¹ 47 C.F.R. §§ 61.38 and 61.39 through 61.49.

² TRP formats for the annual filings are developed for the specific circumstances of the calendar year in which the revised rates will become effective. We refer to the TRPs discussed in this document as the 2001 TRPs.

³ See DA 01-838, CCB/CPD 01-08, released April 6, 2001.

II. PRICE CAP TARIFF REVIEW PLAN

3. In the *LEC Price Cap Order*,⁴ the Commission adopted price cap regulation for ILECs, effective January 1, 1991. Companies that currently file interstate access tariffs pursuant to the price cap rules include the Regional Bell Operating Companies—BellSouth Telecommunications Inc., Qwest Corporation, SBC Communications, and Verizon Telephone Companies.⁵ Other telephone companies subject to price cap rules are Aliant Communications Company (Aliant)⁶, Cincinnati Bell Telephone Company, Citizens Telecommunications Companies (Citizens), Frontier Communications of Minnesota and Iowa, Frontier Communications of Rochester, Iowa Telecommunications Incorporated, Sprint Local Telephone Companies (Sprint LTCs), and Valor Telecommunications Enterprises LLC. Any other company may elect price cap regulation as part of its 2001 annual filing. All companies that file pursuant to price cap regulation in the 2001 annual filing should file the price cap TRPs outlined below and contained in Appendix B. Companies subject to rate of return regulation should file the TRP contained in Appendix C.⁷

A. Modifications to the TRP

4. In the 2001 Annual Access TRP, we have adopted certain needed adjustments in presentation to the previous CALLS TRP of July 1, 2000. These modifications are noted in the charts and workpapers of Section B. In the past, the TRP has been provided in WK3 format. With this filing, companies are encouraged to produce the TRP in the WK4 format which can be created with Release 5 or later of Lotus. The Electronic Tariff Filing System of the FCC handles Lotus files in Release 5, WK4 better than the corresponding WK3 version and so submissions in Release 5, WK4 are less likely to create difficulties in filing than submissions in WK3. In addition, it is possible for analysts to reformat Release 5, WK4 files in MS Excel.

5. In this TRP, companies will provide a worksheet listing services that have been removed from price caps, the tariff section associated with that service, and the date and reason services have been removed from price caps. The format of the worksheet is provided in the Excluded Service section below in Part B.

⁴ Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, Order, 5 FCC Rcd 6786 (1990) (*LEC Price Cap Order*), recon., 6 FCC Rcd 2637 (1991), further recon., 6 FCC Rcd 4524 (1991), 7 FCC Rcd 5235 (1992), *aff'd sub nom. National Rural Telecom Ass'n v. FCC*, 988 F.2d 174 (D.C. Cir. 1993).

⁵ SBC companies that will file TRPs are Ameritech Operating Company, Nevada Bell Telephone Company, Pacific Bell Telephone Company, Southern New England Telephone and Southwestern Bell Telephone. The Verizon telephone companies that will file TRPs are the former Bell Atlantic telephone companies, former GTE System Telephone Companies, and former GTE Telephone Companies.

⁶ Aliant is owned by ALLTELL.

⁷ All data in the price cap TRP, except rates, should be reported in full units of measure with zero decimal places. Individual rates should be reported to the number of decimal places reflected in the company's tariffs. In certain cases, the rates reported on Chart RTE-1 may be aggregate rates, *i.e.*, an average of several rates. In those cases, rates should be displayed to six decimal places. For the CAP-1 form, ILECs should keep intermediate calculations to at least six decimal places (no rounding up) except where the calculated rate is itself of higher precision

B. TRP Charts and Workpapers

1. Chart IND-1

6. IND-1 displays price cap indices (PCIs), actual price indices (APIs), service band indices (SBIs), and upper SBI limits. It is unchanged from the version in the 2000 TRP. To assist in verifying the historical indices reported in IND-1, ILECs should continue to file a workpaper that identifies transmittals in which the current index levels became effective.

2. Charts TGT-1, TGT-2, TGT-3

7. TGT-1 shows the calculations necessary to arrive at an Average Traffic Sensitive Rate (ATS) for filing carriers. Some input rows from the CALLs TRP filing have been consolidated and separate pages have been added to account for companies that have or have not reached their ATS target. All companies must fill out TGT-1 and TGT-3. Companies that have not reached the ATS target will fill out the TGT-2 form.

3. Chart PCI-1

8. PCI-1 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);⁸ (4) the exogenous cost change (Z); (5) the base-year (calendar-year 2000) revenue R for each basket; (6) the weighting factor (w) used in computing the PCIs; and (7) the growth in minutes per line (g).

4. Chart SUM-1

9. This is a summary chart displaying the revenues in baskets and categories. It displays the base-year (calendar year 2000) service demand multiplied by (1) current rates and (2) proposed rates. SUM-1 is used to calculate the difference in revenues using base-year demand, under current and proposed rates.

5. Charts EXG-1, EXG-2

10. Chart EXG-1 displays the exogenous cost changes to the PCIs attributable to any changes in (1) Sale of Exchanges (2) FCC regulatory fees; (3) excess deferred taxes; (4)

⁸ The X-Factor is 6.5 percent for all filing price cap ILECs if the ATS target rate has not been met and is set equal to the inflation rate as measured by the GDPPI otherwise.

amortization of investment tax credits; (5) three columns dealing with low end adjustment calculations, (6) fees associated with Telecommunications Relay Service; (7) allocation of costs between regulated and unregulated activities; (8) North American Numbering Plan expenses (NANPA); and (9) any other exogenous cost changes the ILECs may file.

11. Chart EXG-2 displays the net exogenous shifts related to bands and zones for the ATS categories.

12. Price Cap ILECs are required to submit their Form 492A for calendar years 1999 and 2000 as part of their TRP support material, and use the footnote page provided on Form 492A to explain the development of composite tax rates. As in previous annual filings, the earnings of services excluded from price cap treatment should be removed based on the assumption the excluded services earned the same interstate rate of return as price cap services.

6. Chart RTE-1

13. This chart displays information used to compute the APIs, SBIs, and upper SBI limits. It displays calendar year 2000 demand, current rates, proposed rates, and revenues computed by multiplying the 2000 demand by current and proposed rates. Chart RTE-1 enables us to verify the accuracy of "R," the revenue variable in the PCI formula that equals base period (2000) 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 RTE-1 allows rapid, consistent verification of index calculations across all companies.

7. Rate Detail Chart

14. In their previous annual filings, ILECs provided a chart that gave complete rate element detail, *i.e.*, demand, existing rates, proposed rates. ILECs should again file this chart on a 3.5-inch computer disk or CD with their 2001 annual access tariff filing. We leave unspecified the exact format of the rate detail charts because each price cap ILEC has a different number of rate elements. For each rate element, however, ILECs should display the rate element name, base period demand, current rates, and proposed rates. ILECs may also include a rate identifying code. The revenue amounts for baskets and categories should be totaled, to assist in verifying the agreement between this chart and the revenue amounts in RTE-1. The variation in the number of rate elements among ILECs prevents us from specifying the row numbers, but each row of this chart should correspond to only one rate element. The rows should reflect the basket and service category sequence used in RTE-1.

8. Services Excluded from Price Caps

15. For the 2001 filing, companies are requested to provide a list of services not in price caps and the Tariff Section associated with that service. Rate element details should be provided for the following categories: Special Construction/ICBs; Packet Services (e.g., ATM, Frame Relay); Switched Access Elements (e.g., PICC); 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, Special access, trunking). Companies

should provide information as to the authorisation for removal. The company should identify the major service and indicate whether the rate is recurring or non recurring.

C. Miscellaneous

16. In addition to the above specifications, price cap ILECs should 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 authorized by the waiver.

17. If ILECs file to revise their TRP after May 15, 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.

III. TARIFF REVIEW PLAN FOR NON-PRICE CAP COMPANIES

18. ILECs not electing price caps must file pursuant to either (1) Section 61.38 (rate-of-return and greater than 50,000 access lines);⁹ or 2) Section 61.39 (small telephone rules).¹⁰ ILECs that file under Section 61.38 should complete the TRP contained in Appendix C. As in the past, there is no TRP for companies filing pursuant to Section 61.39, the small company rules. Requirements for carriers electing to file under the small company rules are described below in Subsection B.

A. Rate-of-Return Regulation (Sec. 61.38)

19. Companies filing under rate-of-return regulation are subject in part to the filing requirements adopted in the *Regulatory Reform Order*,¹¹ which established a biennial filing cycle.¹² Companies filing under Section 61.38 file in even numbered years, and are thus not required to file this year. They may file if they so desire. The Rules require that rates be targeted to earn the authorized rate of return.¹³

⁹ 47 C.F.R. § 61.38. These carriers generally file biennial revisions in even numbered years (47 C.F.R. §69.3 (f)(1)).

¹⁰ 47 C.F.R. § 61.39. These carriers generally file biennial revisions in odd numbered years (47 C.F.R. §69.3(f)(1)).

¹¹ Regulatory Reform for Local Exchange Carriers Subject to Rate of Return Regulation, 8 FCC Rcd 4545 (1993) (*Regulatory Reform Order*), recon. pending.

¹² *Regulatory Reform Order* at para. 97.

¹³ 47 C.F.R. §§ 69.2(b) and (z).

20. The rate-of-return TRP contained in Appendix C is the required TRP as of this date. Companies will be informed of the structure of an alternative TRP if companies subject to rate of return regulation are allowed to adopt a regulation plan that differs materially from the present rules.

21. The rate-of-return TRP contained in Appendix C has been framed to place the smallest possible regulatory burden on ILECs while allowing us to evaluate the proposed rates. The 2001 TRP is the same as the 2000 TRP except for needed adjustments in presentation. We require rate-of-return ILECs to file their computer file containing the TRP in a LOTUS WK4 file, or, if that is not possible, a LOTUS WK3 file. Versions of LOTUS that are Release 5 or greater are capable of handling WK4 files. A 3.5-inch disk containing the TRP file will be sent directly to all ILECs. This TRP file is similar to the format of the price cap TRP file that has proven successful.

22. Rate-of-return ILECs are required to file one year of historical data and one year of forecast data. All proposed rates must be based upon the forecast data. The time frame of the historical data, termed the past year cost-of-service (PYCOS) period, and of the forecast data, termed the test year, are determined pursuant to Section 61.38 of the Rules. The PYCOS period is calendar year 2000 and the test year runs from July 1, 2001 through June 30, 2002 for the 2001 annual filings.

B. Small Telephone Companies Serving Fewer Than 50,000 Lines (Sec. 61.39)

23. ILECs that qualify as small telephone companies may elect to file pursuant to the small telephone company rules under Section 61.39,¹⁴ for either their traffic sensitive rates, common line rates, or both. Companies filing under the small company rules must file access tariffs for their traffic sensitive and common line rates in odd-numbered years,¹⁵ and are thus required to make a 2001 annual filing.

24. ILECs filing under the small company rules need not submit supporting material at the time of the access tariff filing. Companies, however, should be prepared to submit the data promptly upon reasonable request by the Commission or interested parties.¹⁶

25. The small company rules rely on historical costs. For its first annual filing, an ILEC is required to propose rates based on the cost of service and demand for the most recent twelve months. For subsequent annual filings, an ILEC bases rates on the cost and demand for the two years since the last annual filing.

IV. GUIDELINES APPLICABLE TO NECA

¹⁴ Some companies that, on their own, would qualify as small telephone companies are not so classified either because 1) they are affiliated with companies that are NECA Subset 2 companies or 2) the combined study areas of a company and its affiliates are greater than 50,000 access lines.

¹⁵ 47 C.F.R. § 69.3(f)(2).

¹⁶ 47 C.F.R. § 61.39(b).

26. We have not adopted a TRP for NECA, although NECA should refer to the rate-of-return TRP for guidance on the level of Section 61.38 support material to provide in its annual filing. As in the past, NECA should provide: (1) earnings data using the Chart ERN-1 format; and (2) average schedule company settlements using the Chart COS-1 format.

V. GENERAL INSTRUCTIONS

27. The following general instructions apply to all ILECs except as noted. Except for Section V.B., *infra*, the following general instructions also apply to NECA. These instructions pertain to the TRPs and other documentation filed in support of access charges.

A. Certification

28. The filing of inaccurate or incomplete data may seriously detract from the ability of the Commission and interested parties to evaluate the revised rates. The ILECs and NECA 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. The text of the certification is the same as that adopted in the *1987 Waiver Order*.¹⁷ The certification should be displayed as the last page in the binder containing each company's TRP. ILECs are also under a legal obligation to correct any inaccurate or incomplete data discovered in the TRP or other support data.

B. Geographic Aggregation

29. Except for the RTE and ERN charts, all TRP information should be displayed at the same level of geographic aggregation as the ILEC's proposed rates. RTE and ERN carriers should be consistent with the current level of geographic aggregation. In addition, if the tariff rates are based on data from a number of study areas or operating companies, levels of aggregation associated with each study area (state) and operating company should be provided by carriers (except for Charts RTE, ERN, and REV).

C. Assistance from United States Telephone Association (USTA)

30. As in past years, to assist the Commission and interested parties in evaluating the national impact of revised rates, we request that USTA provide us with aggregated TRP data for all price cap ILECs, except for those charts or portions of charts for which aggregation is inappropriate.

¹⁷ Annual 1987 Access Tariff Filings, Petitions for Waivers of Filing Requirements, Mimeo No. 6945 (rel. Sept. 16, 1986) (*1987 Waiver Order*).

D. Waivers

31. If carriers find that they are unable to provide data in the TRP, they may file applications for waiver. These waiver applications should demonstrate good cause for reporting a different or lower level of detail than specified and should indicate how the carrier intends to report complete TRP data in the future. Each carrier requesting any waiver of Commission Rules should include all such requests in a single application. Carriers should not delay undertaking development of data for the 2001 TRP in anticipation that waiver requests will be granted.

E. Technical Instructions

32. Consistent with TRP filings in previous years, all companies that file a TRP should provide the data in a computer disk file, as detailed in the Attachments.

F. Compliance with the Paperwork Reduction Act

33. The TRPs are subject to approval by the Office of Management and Budget (OMB) in accordance with the provisions of the Paperwork Reduction Act, 44 U.S.C., §§ 3506 et seq. OMB has approved the TRPs through May 13, 2003. (OMB Control No. 3060-0400). In compliance with the Paperwork Reduction Act, we estimate burden-hours and place the Office of Management and Budget form number and date on the formats included in the Appendices. We note that these TRPs were developed after informal discussions with ILECs and other industry representatives. We minimize the regulatory burden on the ILECs by deleting obsolete sections of the TRP that have not proved useful, and carriers need not file historical data that have been filed in previous years. Overall, the burden this year is unchanged from that imposed by the 2000 annual access tariff charge filings, and smaller ILECs continue to report significantly fewer data than larger companies.

G. Procedural Matters

34. This document will be sent directly to all carriers that will file their own annual access tariffs. A copy of the document and all attachments will be available for inspection at the Public Reference Room, Federal Communications Commission, CY-C404. The Commission will publish the text of this document in the FCC Record. Copies of Appendices can be obtained through International Transcription Service, Inc. (ITS), the Commission's contractor for public records duplication. Further details regarding the procedures applicable to the 2001 annual access tariff filings are provided in the Appendices.

FEDERAL COMMUNICATIONS COMMISSION

Jane E. Jackson
Chief, Competitive Pricing Division
Common Carrier Bureau

Appendix A

**Filing Procedures for
Companies filing TRPs
on May 15, 2001 and June 18, 2001**

1. The TRPs --for ILECs with any rate increases--contained in Appendix B for price cap carriers, and Appendix C for rate of return companies should be filed on June 18, 2001. Price Cap carriers must also file the Short Form TRP on May 15, 2001. Rate of return LECs need not file a short form. If an ILEC has all rate decreases, TRPs should be filed on June 26, 2001. All correspondence and comments in connection with these filings should be designated "2001 PRICE CAP REVISIONS."

A. TRP Filing Requirements

2. In addition to filing their TRPs electronically through the Electronic Tariff Filing System, ILECs should also file their TRPs on diskette or CDs. ILECs should consult the distribution table at the end of this Appendix A, as to where to distribute their TRP copies. ILECs that maintain a Washington, D.C. office should have their Washington, D.C. office file their diskettes. ILECs that do not have a Washington, D.C. office are to send their diskettes via Overnight Courier, addressed to Raj Kannan, Competitive Pricing Division, Common Carrier Bureau 5 th floor, 445 12 th Street S.W., Washington, D.C. 20554.

3. To facilitate identification and cataloging of the price cap index revisions filing, carriers should note that:

a. A 3.5-inch high-density disk containing a Lotus Release-5 TRP file will be sent directly to ILECs. ILECs using more recent versions of Lotus should nevertheless save the TRP in a Lotus Release-5 file; *i.e.* a Lotus 123 Release 5, WK4 file. A computer virus check will be conducted before the disk is sent, and the Division urges the ILECs to re-check the disk before filing. The computer file on the disk should be named COSAAN01 where "COSA" is the 4-character company study area code.

b. ILECs should also file their TRPs using the Electronic Tariff Filing System on June 18 or 26, 2001 depending on the nature of the filing. Carriers experiencing any difficulty using ETFS can contact Geneva Butler of the Competitive Pricing Division at 202-418-1559.

B. Comments and Replies

4. Comments on the annual access TRPs may be filed on or before June 25, 2001--for filings made on June 18, 2001--and June 29, 2001 for filings made on June 26, 1999. Parties should reference the general designation shown in paragraph 1 and specific ILECs if applicable. These comments should specify that they concern the 2001 PCI revisions in general or those of specific ILECs. Comments filed in paper format should be filed with the Commission's Secretary, Magalie Roman Salas, Office of the Secretary, Federal Communications Commission, 445 -12th Street S.W. TW - A325, Washington D.C. 20054. Another copy should be submitted to the Chief, Competitive Pricing Division, 5th Floor, Federal Communications Commission, 445 - 12th Street S.W., Washington D.C. 20054. A copy should also be submitted to Raj Kannan,

Competitive Pricing Division, Common Carrier Bureau, Federal Communications Commission, Fifth Floor, 445 - 12th Street S.W., Washington D.C. 20554. Finally, a copy should also be provided to the International Transcription Service (ITS), the Commission's duplicating contractor.

5 Petitioners may also file their comments electronically using the Electronic Tariff Filing System (ETFS). Comments and reply comments filed electronically do not have to be filed with the Secretary's Office and distributed in the same manner as those filed in paper format.

6. Reply comments should be submitted to the parties listed above; in addition, each petitioner should be served with a copy of the reply comments in a timely manner. Replies to petitions on tariff filings made on 15 days' notice will be due June 29, 2001, and replies to petitions on tariff filings made on 7 days' notice will be due no later than 12:00 noon Eastern Time on July 2, 2001.

7. Parties are instructed to provide contact persons and fax numbers in their filings. Parties filing comments and replies electronically are reminded that they are still required to serve copies in accordance with Sections 1.773(a)(4) and (b)(3) of the Commission's rules, and as stated herein.

C. Public Information

8. Copies of these filings and related correspondence will be available for inspection in the Public Reference Room, located at Room CY-C404, Federal Communications Commission, 445 - 12th Street S.W. Copies may also be obtained from ITS, 1231 20th Street N.W. Washington D.C. 20036, (202/857-3800). For more information, contact Raj Kannan at 202/418-1540, Common Carrier Bureau, Competitive Pricing Division.

**Filing Distribution List For
2001 Annual Access Tariff Charges**

Location	Trans. <u>Letter</u>	TRP <u>Disk/CD</u>
Public Reference Copy 445- 12 th Street S.W. Room CY-C404	1	1
ITS 445-12 th Street S.W. Room CY-B400	1	1
Raj Kannan Competitive Pricing Div. 445- 12 th Street S.W. Room 5A-264	1	2

Note: Please attach a copy of the transmittal letter to your TRP diskette so that we may identify the carrier submitting the TRP easily.

Please label each packet with the name of the person or organization that will be receiving the TRP before filing in Room TW A325. Since carriers are no longer able to deliver these packages directly to each recipient, it is extremely important that they be properly labelled.

Appendix B

Price Cap Tariff Review Plan

**Approved by OMB
3060-0400**

Expires May 13, 2003

See below for information regarding public
burden estimate.

NOTICE: These Tariff Review Plans (TRPs) contain summary support material that certain local exchange carriers (LECs) should file to support their annual access charge tariff filings in partial fulfillment of Sections 61.38 and 61.44 through 61.49 of the Commission's Rules. The TRPs specify basic information in a consistent format and are essential components of the Commission's access tariff review process. The information in the TRPs is used by the FCC to evaluate rates. Public reporting burden for this collection of information is estimated to average 61 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Federal Communications Commission, Office of Managing Director, Washington, DC 20554, and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503.



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Short Form TRP



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Long Form TRP

Appendix C

Rate-of-Return Tariff Review Plan to Accompany Tariff Filings

**Approved by OMB
3060-0400
Expires May 13, 2003**



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Rate of Return TRP