

DA 03-1176

TARIFF REVIEW PLANS

By the Chief, Pricing Policy Division:

1. We set forth herein the Tariff Review Plans (TRPs) that price cap incumbent local exchange carriers (ILECs) should file to support the annual revisions to the rates in their interstate access service tariffs.¹ The completion of the TRPs appended to this document will partially fulfill the requirements established in sections 61.41 through 61.49 of the Commission's rules.² 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.³ The annual TRPs have served this purpose effectively in past years.

2. Rate-of-return LECs subject to section 61.39 of the Commission's rules⁴ are required to file access service tariff revisions this year, an odd-numbered year⁵ and are not required to submit supporting documentation with their tariff filings.⁶ Rate-of-return LECs subject to section 61.38 of the Commission's rules⁷ are required to file access service tariff revisions in even-numbered years and would normally not be required to file access service tariff revisions this year absent the requirements adopted in the *Rate-of-Return Access Charge Reform Order*.⁸

Order: 3. The tariff filings of rate-of-return LECs subject to section 61.39 and 61.38 must implement certain rule modifications affecting the calculation of common line access rates

¹ The filing date along with comment and reply periods will be specified in a separate order.

² 47 C.F.R. §§ 61.41 - 61.49.

³ 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 2003 TRPs.

⁴ 47 C.F.R. § 61.39.

⁵ 47 C.F.R. § 69.3(f)(2).

⁶ 47 C.F.R. § 61.39(b).

⁷ 47 C.F.R. § 61.38.

⁸ *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, Second Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 19613 (2001) (“*Rate-of-Return Access Charge Reform Order*”).

adopted in the *Rate-of-Return Access Charge Reform Order* that became effective on July 1, 2002. Each rate-of-return LEC that files its own common line tariff must file revisions to reflect the changes in the manner that common line rates are to be calculated beginning July 1, 2003 including the elimination of the Carrier Common Line (CCL) charge and raising of the cap on the End User Common Line (EUCL) charge. These section 61.39 and section 61.38 carriers should provide an explicit explanation of any changes detailing old and new rates and revenues in their Description and Justification or Letter of Transmittal accompanying the annual filing. Further, if challenged by the Commission, all rate-of-return LECs must be able to show that they have properly implemented other requirements in the *Rate-of-Return Access Charge Reform Order* such as the reduction of local switching revenue requirement by producing cost support material similar to that submitted in the 2002 annual filing.⁹

4. Any rate-of-return LEC subject to section 61.38 electing to make a voluntary tariff filing at this time that proposes revising revenue requirements or elements other than those required by the *Rate-of-Return Access Charge Reform Order* is reminded that it should file a Tariff Review Plan (TRP) to support these revisions. The completion of the TRPs will partially fulfill the requirements established in section 61.38 of the Commission's rules. These carriers may use the TRP specified last year¹⁰ with appropriate updates to the test year to reflect more recent data.

5. 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 1, 2003, together with comments and replies by interested parties will aid the Bureau in analyzing the annual demand and rate revisions to be effective July 1, 2003. Section II, below, details modifications to the TRP. Appendix A describes filing procedures applicable to the price cap ILECs that will make a 2003 annual access tariff filing.

6. As in previous years, the short form TRP requests information from the price cap ILECs that does not involve the computation of rates that will be effective on July 1, 2003. Consequently, as we explain further below, this version of the TRP will contain the IND1 form (partly filled out), the TGT form (partly filled out), and the EXG1 form (completely filled out).

II. PRICE CAP TARIFF REVIEW PLAN

7. In the *LEC Price Cap Order*,¹¹ the Commission adopted price cap regulation for certain 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

⁹ July 2, 2002 *Annual Access Charge Tariff Filings*, WCB/Pricing 02-13, DA 02-1308 (WCB/Pricing rel. Jun. 3, 2002) (TRPOrder).

¹⁰ July 2, 2002 *Annual Access Charge Tariff Filings*, WCB/Pricing 02-13, DA 02-1308 (WCB/Pricing rel. Jun. 3, 2002) (TRPOrder).

¹¹ *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).

Telecommunications Inc., Qwest Corporation, SBC Communications, and Verizon Telephone Companies.¹² Other telephone companies subject to price cap rules are Aliant Communications Company (Aliant)¹³, Cincinnati Bell Telephone Company, Citizens Telecommunications Companies (Citizens), Iowa Telecommunications Services Inc. (ITS), Sprint Local Telephone Companies (Sprint LTCs), and Valor Telecommunications Enterprises LLC. Any other company may elect price cap regulation as part of its 2003 annual filing. All companies that file pursuant to price cap regulation in the 2003 annual filing should file the price cap TRPs outlined below and contained in Appendix B.

A. Modifications to the TRP

8. In the 2003 Annual Access TRP, we have adopted certain changes to the previous TRP of July 2, 2002. These modifications are noted in the forms and workpapers of Section B. With this filing, as in last year's, we encourage companies 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 and with less difficulty than the corresponding WK3 version. In addition, it is possible for analysts to reformat Release 5, WK4 files in MS Excel. This facilitates our analysis of the data presented.

9. The 2003 Annual Access TRP requires those ILECs that price certain common line rate elements separately by jurisdiction within a study area to provide such prices instead of a roll up or average rate. These common line rate elements will be found in a separate form called the CAP-1J form.

10. 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. We provide the format of the worksheet in the Excluded Service section in Part B, below.

B. TRP Forms and Workpapers

1. IND1 Form

11. The IND1 form 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 2001 TRP. To assist in verifying the historical indices reported in IND1, ILECs should continue to file a workpaper that identifies transmittals in which the current index levels became effective.

¹² 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.

¹³ Aliant is owned by ALLTEL.

2. TGT Forms

12. The TGT forms show the calculations necessary to arrive at an Average Traffic Sensitive Rate (ATS) for filing carriers. 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. Companies that have met their ATS rate should specify the date when they met the target and the transmittal number of the filing in the TGT-1 form.

13. As in the 2002 TRP, the TGT forms allow for complete identification of the original, current, and capped average traffic sensitive rates. In addition, we specify the details of the FCC's rules pertaining to the calculation of the average traffic sensitive rates.

3. CAP Forms

14. There is a revision in the CAP form. The Primary Residential Subscriber Line Charge cap has been raised from \$6.00 to \$6.50.

4. PCI1 Form

15. The PCI1 form 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);¹⁴ (4) the exogenous cost change (Z); (5) the base-year (calendar-year 2001) revenue R for each basket; and (6) the weighting factor (w) used in computing the PCIs. There were no revisions to the PCI1 form.

5. SUM1 Form

16. This is a summary form displaying the revenues in baskets and categories. It displays the base-year (calendar year 2002) 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 were no revisions to the PCI1 form.

6. EXG Forms

17. The EXG1 form 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) 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

¹⁴ The X-Factor is 6.5 percent for all filing price cap ILECs if the ATS target rate has not been met and is otherwise set equal to the inflation rate as measured by the GDPPI.

between regulated and unregulated activities; (8) North American Numbering Plan (NANPA) expenses; (9) thousands block number pooling; and (9) any other exogenous cost changes the ILECs may file.

18. The EXG2 form displays the net exogenous shifts related to bands and zones for the ATS categories.

7. RTE1 Forms

19. These forms display information used to compute the APIs, SBIs, and upper SBI limits. They display calendar year 2002 demand, current rates, proposed rates, and revenues computed by multiplying the 2002 demand by current and proposed rates. The RTE1 forms enable the Commission to verify the accuracy of “R,” the revenue variable in the PCI formula that equals base period (2002) 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 forms allows rapid, consistent verification of index calculations across all companies.

8. Rate Detail Form

20. In their previous annual filings, ILECs provided a form that gave complete rate element detail, *i.e.*, demand, existing rates, and proposed rates for each rate element subject to price caps. ILECs should again file this form with their 2003 annual access tariff filing. We leave unspecified the exact format of the rate detail form because each price cap ILEC has a different number of rate elements. For each rate element, however, ILECs should display the rate element name, jurisdiction, 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 form and the revenue amounts in RTE1. The variation in the number of rate elements among ILECs 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.

9. Services Excluded from Price Caps

21. For the 2003 filing, we request companies 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); 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 authorization for removal. The company should identify the major service and indicate whether the rate is recurring or non-recurring.

C. Miscellaneous

22. Price Cap ILECs must submit their Form 492A for calendar years 2001 and 2002 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 that the excluded services earned the same interstate rate of return as did price cap services.

23. 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.

24. If ILECs file to revise their TRP after June 16, 2003, 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. GENERAL INSTRUCTIONS

25. The following general instructions apply to all price cap ILECs. These instructions pertain to the TRPs and other documentation filed in support of access charges.

A. Certification

26. 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 price cap ILECs 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*.¹⁵ The certification should be displayed as the last page in the binder containing each company's TRP. ILECs are also under a continuing legal obligation to correct any inaccurate or incomplete data subsequently discovered in the TRP or other support data.

B. Waivers

27. If carriers find that they are unable to provide data in the TRP, they may request a waiver. These waiver applications should demonstrate good cause for reporting a different

¹⁵ Annual 1987 Access Tariff Filings, Petitions for Waivers of Filing Requirements, Mimeo No. 6945 (rel. Sept. 16, 1986) (*1987 Waiver Order*).

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 2002 TRP in anticipation that waiver requests will be granted.

C. Compliance with the Paperwork Reduction Act

28. 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 forms 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 2001 annual access charge tariff filings.

FEDERAL COMMUNICATIONS COMMISSION

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Wireline Competition Bureau

Appendix A

Filing Procedures for Price Cap Companies filing TRPs on May 1, June 16 and June 23, 2003

1. The TRPs contained in Appendix B for price cap carriers are applicable to ILECs filing rate revisions on June 16, 2003, or June 23, 2003. Price cap carriers must also file the Short Form TRP on May 1, 2003. If an ILEC has only rate decreases, TRPs can be filed a week before the rates become effective. All correspondence and comments in connection with these filings should be designated "2003 Annual Access Charge Tariff Filings."

A. TRP Filing Requirements

2. ILECs are required to file their TRPs electronically through the Electronic Tariff Filing System. Carriers experiencing any difficulty using ETFS may contact Geneva Butler of the Pricing Policy Division at 202-418-1559.

B. Comments and Replies

3. Comments on the annual access TRPs may be filed according to the schedule set out in a separate order.¹⁶ Parties filing pleadings are encouraged to use ETFS in order to facilitate access to these documents. Petitioners and carriers filing electronically on the ETFS will **not** be required to file copies with the Pricing Policy Division or Qualex. Comments should be addressed to the Commission's Secretary, Marlene H. Dortch, Office of the Secretary, Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554. Parties should send three paper copies and an email of their filing to Raj Kannan, Pricing Policy Division, Wireline Competition Bureau, Federal Communications Commission, 445 12th Street, SW, Room 5-A207, Washington, DC 20554, e-mail: rkannan@fcc.gov. Parties should also send one copy to the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone: 202-863-2893, facsimile: 202-863-2898, or via e-mail: qualexint@aol.com.

C. Public Information

7. Copies of these filings and related correspondence will be available for

¹⁶ *In the Matter of July 1, 2003 Annual Access Charge Tariff Filing*, WCB/Pricing 03-15, Order, DA 03-1175 (Pricing Policy Division, released April 18, 2003).

inspection in the Reference Information Center, located at Room CY-A257, Federal Communications Commission, 445 12th Street S.W. Copies may also be obtained from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, S.W., Room CY-B402, Washington, DC 20554, (telephone: 202/863-2893), fax: 202-863-2898, e-mail: (qualexint@aol.com). For more information, contact Raj Kannan at 202/418-1540, Wireline Competition Bureau, Pricing Policy Division.

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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