

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

In the Matter of)
July 1, 2023) WC Docket No. 23-9
Annual Access Tariff Filings)

ORDER

Adopted: May 11, 2023

Released: May 11, 2023

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 interstate access service tariff revisions that will become effective in July 2023.

2. The 2023 TRPs implement the transitional rate changes and recovery rules adopted in the USF/ICC Transformation Order and the 8YY Access Charge Reform 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), 51.907(k), 51.909(o).

3 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, 17934-35, para. 801 (2011) (USF/ICC Transformation Order), pets. for review denied sub nom. In re: FCC 11-161, 753 F.3d 1015 (10th Cir. 2014) (stating that although many of the switched access rate elements are subject to the transition adopted, other rates were not being specifically reduced at that time); 8YY Access Charge Reform, WC Docket No. 18-156, Report and Order, 35 FCC Rcd 11594, FCC 20-143, at 10, para. 25 (Oct. 9, 2020) (8YY Access Charge Reform Order); 85 Fed. Reg. 75894 (Nov. 27, 2020).

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); 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 Business Data Services Order).

5 47 CFR §§ 51.700-51.715, 51.901-51.919, 61.38-61.39, 61.41-61.50, 69.3.

revisions by the Commission and interested parties. Carriers may, but are not required to, use the 2023 TRPs the Bureau developed for the July 2023 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 incumbent LECs 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.⁶ At the same time, the Commission also adopted a recovery mechanism to mitigate the impact of reduced intercarrier compensation revenues on carriers and to facilitate continued investment in broadband infrastructure.⁷ As part of the recovery mechanism, the Commission defined as "Eligible Recovery" the amount of intercarrier compensation revenue reductions that incumbent LECs would be eligible to recover through a combination of an end-user charge, the Access Recovery Charge (ARC),⁸ and, where eligible and if an incumbent LEC elects to receive it, Connect America Fund Intercarrier Compensation (CAF ICC) support.⁹ An incumbent LEC's Eligible Recovery is based on a decreasing percentage of the cumulative reduction in revenue each year resulting from the intercarrier compensation reform transition.¹⁰

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 incumbent LECs.¹¹ The Commission allowed rate-of-return incumbent LECs the option of electing model-based support for a term of 10 years in exchange for meeting defined build-out obligations.¹² For rate-of-return incumbent LECs 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.¹³ This revised form of support is known as Connect America Fund Broadband Loop Support (CAF BLS).¹⁴ 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 incumbent LECs to introduce supported Consumer Broadband-only Loop (CBOL) services.¹⁵

5. The Commission required rate-of-return incumbent LECs offering supported stand-alone broadband loops to move costs for these loops from the special access service category to a new CBOL

⁶ *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-35, para. 801. The last of those rates went to zero in 2020. See *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-96, para. 801, fig. 9; 47 CFR §§ 51.907, 51.909.

⁷ *USF/ICC Transformation Order*, 26 FCC Rcd at 17677, para. 36.

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

⁹ 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).

¹⁰ *USF/ICC Transformation Order*, 26 FCC Rcd at 17957-58, paras. 850-51.

¹¹ *Rate-of-Return Reform Order*, 31 FCC Rcd at 3089, para. 1.

¹² *Id.* at 3094-117, paras. 17-79.

¹³ *Id.* at 3117-57, paras. 80-187.

¹⁴ 47 CFR § 54.901.

¹⁵ *Rate-of-Return Reform Order*, 31 FCC Rcd at 3157-62, paras. 188-204.

service category.¹⁶ The amount to be moved is to be determined consistent with the part 36 and part 69 cost allocation rules.¹⁷

6. The Commission also adopted rules governing the tariffing of CBOL rates, including a \$42 per-loop, per-month rate cap for rate-of-return incumbent LECs electing model-based or Alaska Plan support and a rate methodology for rate-of-return incumbent LECs receiving CAF BLS.¹⁸ For rate-of-return incumbent LECs 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.¹⁹ The Commission further required rate-of-return incumbent LECs to impute an amount equal to the ARC they assess on voice/broadband lines to their supported CBOL service.²⁰ Beginning with the 2018 annual access tariff filing, the ARC imputation rule was revised for a five-year period to require rate-of-return incumbent LECs to limit the imputed amount so that total ARC revenues and imputation for the current tariff period do not exceed a pre-*Rate-of-Return Reform Order* baseline as a result of CBOL imputation.²¹ Effective July 1, 2023, this limit no longer applies. Rate-of-return incumbent LECs' filings must also true-up the imputation made two years prior to the most recent annual filing.²²

7. In the *Rate-of-Return Business Data Services Order*, the Commission adopted rules allowing rate-of-return incumbent LECs receiving model-based universal service support or other forms of fixed high-cost universal service support to elect incentive regulation for their lower-capacity (DS3 or lower) time division multiplexing (TDM)-based transport and end-user channel termination business data services (BDS) offerings, effective either July 1, 2019 or July 1, 2020.²³

8. In the *8YY Access Charge Reform Order*, the Commission adopted rules requiring all incumbent LECs to transition their interstate and intrastate toll free (or 8YY) originating end office access service rates to bill-and-keep over a three-year period ending in 2023.²⁴ As an initial step, rate-of-return incumbent LECs capped all toll free intrastate originating access service rates, including toll free database query charges, as of December 28, 2020.²⁵ Beginning in July 2021, all incumbent LECs were required to tariff separate rate elements for toll free and non-toll free interstate and intrastate originating end office access service then reduce these toll free intrastate rates to interstate-levels.²⁶ Additionally, all incumbent LECs were required to detariff rate elements for toll free interstate and intrastate originating switched

¹⁶ *Id.* at 3158-59, paras. 190-91.

¹⁷ 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.

¹⁸ *Rate-of-Return Reform Order*, 31 FCC Rcd at 3459-60, paras. 194, 197-98; 47 CFR §§ 69.132(c)-(d).

¹⁹ *Rate-of-Return Reform Order*, 31 FCC Rcd at 3160, paras. 195-96.

²⁰ *Id.* at 3161-62, para. 203.

²¹ *Rate-of-Return Reform Reconsideration Order*, 33 FCC Rcd at 2404, paras. 16-17.

²² *Id.*; see 47 CFR § 51.917(f).

²³ *Rate-of-Return Business Data Services Order*, 33 FCC Rcd at 10454-57, para. 3; see *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) (*Price Cap Business Data Services Order*), remanded in part sub nom. *Citizens Telecomms. Co. of Minn., LLC v. FCC*, 901 F.3d 991 (8th Cir. 2018).

²⁴ 47 CFR §§ 51.907(i)-(k), 51.909(l)-(o); *8YY Access Charge Reform Order* at *10, para. 25. The bill-and-keep methodology is defined in 47 CFR § 51.713.

²⁵ 47 CFR § 51.909(l). Price cap incumbent LEC's interstate and intrastate originating access service were capped beginning in 2011. *USF/ICC Transformation Order*, 26 FCC Rcd at 17942, para. 818.

²⁶ 47 CFR §§ 51.907(i)(1), 51.909(m)(1).

transport service between an end office and tandem switch, consistent with bill-and-keep.²⁷ Further, all incumbent LECs were required to tariff a single rate element of no more than \$0.001 per minute for toll free joint tandem switched transport access service²⁸ and reduce their interstate and intrastate rates for toll free database query charges to no more than \$0.004248 per query.²⁹ In July 2022, all incumbent LECs were required to file tariffs reducing interstate and intrastate rates for all toll free originating end office access service rate elements³⁰ and reducing toll free database query charges.³¹ As the final step in the transition, in July 2023 all incumbent LECs are required to refile their interstate and intrastate tariffs to remove any intercarrier charges for toll free originating end office access services³² and reduce toll free database query charges to no more than \$0.0002 per query.³³

III. IMPLEMENTATION OF THE COMMISSION'S ORDERS

A. Annual Tariff Filing Rate-Level Limitation

9. Section 69.3(a) of the Commission's rules requires incumbent LECs 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.³⁴ 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 Business Data Services Order*, and *8YY Access Charge Reform Order*. This waiver is consistent with actions we have taken in prior annual access tariff filing periods.³⁵ 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, 2023, to establish an effective date of July 3, 2023 for 7-days' notice tariff filings.³⁶

B. Toll Free 8YY Revenue Calculation Requirements

10. This year, as the final step in the 8YY transition, incumbent LECs are required to refile their interstate switched access tariff and any state tariff to remove any intercarrier charges for intrastate or interstate toll free originating end office access services.³⁷ Incumbent LECs are also required to reduce intrastate and interstate toll free database query charges to a transitional rate of no more than \$0.0002 per query.³⁸ Carriers are ordinarily required to implement these rate transitions beginning July 1, 2023. As

²⁷ 47 CFR §§ 51.907(i)(3), 51.909(m)(3); *see id.* § 51.713 (defining bill-and-keep arrangements).

²⁸ 47 CFR §§ 51.907(i)(5), 51.909(m)(5).

²⁹ *Id.* §§ 51.907(i)(6), 51.909(m)(6). Incumbent LECs charging database query charges lower than \$0.004248 per query, however, were not allowed to increase their rates. *Id.*; *Material to be Filed in Support of 2021 Annual Access Tariff Filings*, WC Docket No. 21-148, Order, 36 FCC Rcd 8452, DA 21-568, at *4, para. 9 (WCB May 14, 2021).

³⁰ 47 CFR §§ 51.907(j)(1), 51.909(n)(1).

³¹ *Id.* §§ 51.907(j)(2), 51.909(n)(2).

³² *Id.* §§ 51.907(k)(1), 51.909(o)(1).

³³ *Id.* §§ 51.907(k)(2), 51.909(o)(2).

³⁴ *Id.* § 69.3(a).

³⁵ *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).

³⁶ *Procedures Order* at *2-3, para. 5.

³⁷ 47 CFR §§ 51.907(k)(1), 51.909(o)(1).

³⁸ 47 CFR §§ 51.907(k)(2), 51.909(o)(2).

explained in an order released April 3, 2023, however, we waived sections 51.907 and 51.909 of the Commission's rules to the extent necessary to establish an effective date of July 3, 2023 for filings made on 7-days' notice and maintained the July 1, 2023 effective date for filings made on 15-days' notice.³⁹ Accordingly, we waive sections 51.907 and 51.909 of the Commission's rules to the extent necessary to allow carriers submitting tariff filings implementing the required rate reductions on 7-days' notice to be effective July 3, 2023.⁴⁰

C. Exogenous Costs

11. In the *2022 Tariff Review Plan Order*, the Bureau clarified the extent to which 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.⁴¹ The Bureau explained that 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.⁴² 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).⁴³ 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 carriers⁴⁴ may not recover any portion of exogenous cost increases attributable to common line through Eligible Recovery.⁴⁵

12. 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 these increases attributable to common line, switched access (other than common line), and special access. 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.⁴⁶ We ask that this worksheet be prepared twice, once for the original filing, and again as support for the two year true-up.⁴⁷

³⁹ *Procedures Order* at *3-4, para. 9.

⁴⁰ 47 CFR §§ 51.907, 51.909. Generally, the Commission's rules may be waived for "good cause shown." 47 CFR § 1.3. The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest. *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990).

⁴¹ *July 1, 2022 Annual Access Charge Tariff Filings*, WC Docket No. 22-108, Order, DA 22-494, 2022 WL 1528248, at *4-6, paras. 10-15 (PPD May 9, 2022) (*2022 TRP Order*).

⁴² See 47 CFR §§ 69.104(s), 69.115(f), 69.130(b).

⁴³ *2012 TRP Order*, 32 FCC Rcd at 3962-63, paras. 6-7.

⁴⁴ See 47 CFR §§ 69.104(s), 69.115(f), 69.130(b).

⁴⁵ See 47 CFR § 51.917(e), (f).

⁴⁶ 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).

⁴⁷ *2022 TRP Order* at *6, para. 15.

13. Ordinarily, price cap LECs and rate-of-return LECs that elected incentive regulation are required to file exogenous cost adjustments in tariffed rates to be effective October 1 of each year.⁴⁸ This year, however, we establish October 3, 2023 as the effective date for tariff revisions implementing exogenous cost adjustments. October 1, 2023 falls on a Sunday. As a result, tariffs filed on 7- and 15-days' notice would be due on a Saturday or Sunday, holidays in which the Commission is technically closed, and would be counted as filed on the next business day,⁴⁹ which would be less than the notice periods required to satisfy the streamlined filing procedures under section 204(a)(3) of the Communications Act of 1934, as amended.⁵⁰ Accordingly, we extend the mid-September exogenous cost adjustment tariff filing effective date to October 3, 2023 to allow incumbent LECs to avail themselves of the 7- and 15-days' notice streamlined tariff filing procedures.⁵¹ Under this limited waiver, incumbent LECs filing their exogenous cost adjustments on 7-days' notice must submit their tariff filings on September 26, 2023 with an effective date of October 3, 2023, and incumbent LECs filing on 15-days' notice must submit their tariff filings on September 18, 2023 with an effective date of October 3, 2023.

D. Tariff Review Plan Content for Rate-of-Return Incumbent LECs

14. Pursuant to the *USF/ICC Transformation Order*, all rate-of-return incumbent LECs 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.⁵² Pursuant to the *8YY Access Charge Reform Order*, rate-of-return incumbent LECs must also file a TRP this year to comply with the requirements of section 51.909(o) of the Commission's rules.⁵³

15. Rate-of-return incumbent LECs 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.⁵⁴ Rate-of-return incumbent LECs subject to section 61.39 of the Commission's rules must base rate-of-return regulated rates for the coming tariff year on new cost studies.⁵⁵ Rate-of-return incumbent LECs subject to section 61.38 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.⁵⁶

16. We remind rate-of-return incumbent LECs 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 cost consultant—must include

⁴⁸ See *Wireline Competition Bureau Announces Posting of 2022 Tariff Review Plan For Exogenous Cost Filings By Rate-of-Return Carriers That Elected Incentive Regulation for Business Data Services*, WC Docket No. 22-108, Public Notice, DA 22-893, 2022 WL 3715302 (WCB Aug. 26, 2022) (*Exogenous Cost Public Notice*).

⁴⁹ See 47 CFR § 1.4(e)(1), (j), (k)(1).

⁵⁰ 47 U.S.C. § 204(a)(3) (“A local exchange carrier may file with the Commission a new or revised charge, classification, regulation, or practice on a streamlined basis...[which]...shall be deemed lawful and shall be effective 7 days (in the case of a reduction in rates) or 15 days (in the case of an increase in rates) after the date on which it is filed with the Commission unless the Commission takes action...before the end of that 7-day or 15-day period, as is appropriate.”); 47 CFR § 61.58(a)(2)(i) (pursuant to section 204(a)(3) of the Act, local exchange carriers may file streamlined tariffs on 7-days' notice if it proposes only rate decreases, and on 15-days' notice for any other streamlined tariff including those that propose rate increases).

⁵¹ 47 U.S.C. § 204(a)(3); 47 CFR § 61.58(a)(2)(i).

⁵² 47 CFR § 51.917(d)(1)(iv), (e).

⁵³ 47 CFR § 51.909(o).

⁵⁴ *Rate-of-Return Reform Reconsideration Order*, 33 FCC Rcd at 2403, para. 13.

⁵⁵ *Id.* at 2402-03, paras. 9-13.

⁵⁶ *Id.*

in the 2023 TRP the data necessary to determine the maximum permitted CBOL rate.⁵⁷ Similarly, the entity filing special access rates for a rate-of-return incumbent LEC must include in the 2023 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 incumbent LECs to impute to their supported CBOL lines an amount equal to the ARC they assess on voice/broadband lines.⁵⁸ 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).⁵⁹ Rate-of-return incumbent LECs' 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.⁶⁰

IV. PRICE CAP TARIFF REVIEW PLAN

18. Price cap incumbent LECs are required to file tariffs each year.⁶¹ 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 1.⁶² As explained above, the Bureau granted a limited waiver establishing an effective date of July 3, 2023 for 2023 annual tariff filings submitted on 7-days' notice and maintaining the July 1, 2023 effective date for annual tariff filings submitted on 15-days' notice.⁶³ We likewise grant price cap incumbent LECs a limited waiver of section 69.3(h) of the Commission's rules to allow price cap carriers filing on 7-days' notice to be effective July 3, 2023.⁶⁴ We otherwise maintain the July 1, 2023 effective date for annual tariff filings submitted on 15-days' notice. 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.⁶⁵ All price cap incumbent LECs should file 2023 price cap annual access TRPs, as outlined below.

A. Price Cap TRP Spreadsheets and Workpapers

19. We adopt several changes for the 2023 price cap annual access TRP, as noted below.⁶⁶

⁵⁷ 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.”).

⁵⁸ *Rate-of-Return Reform Order*, 31 FCC Rcd at 3161-62, para. 203.

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

⁶⁰ *Rate-of-Return Reform Reconsideration Order*, 33 FCC Rcd at 2404, paras. 16-17; *see* 47 CFR § 51.917(f).

⁶¹ 47 CFR § 69.3(h).

⁶² *Id.*

⁶³ *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.”).

⁶⁴ *Id.*; 47 CFR § 1.3.

⁶⁵ 47 CFR § 69.3(h).

⁶⁶ The spreadsheets and workpapers discussed below are contained in the Appendix.

1. ARC Spreadsheets

20. The ARC spreadsheets consist of three individual spreadsheets that demonstrate the calculations necessary to determine an ARC rate. These spreadsheets were created to comply with sections 51.915(e) and (f) of the Commission's rules, and include the 2023 Rate Ceiling, 2023 Tariff Rate Comparison, and 2023 True Up spreadsheets.⁶⁷

2. Eligible Recovery Spreadsheet

21. The 2023 Eligible Recovery spreadsheet calculates the amount of Eligible Recovery a price cap incumbent LEC is entitled to receive pursuant to section 51.915(d) of the Commission's rules.⁶⁸ This year, the Eligible Recovery spreadsheet has been modified to change formulas in compliance with section 51.915(d)(viii) of the Commission's rules.⁶⁹

3. ICC Summary Spreadsheet

22. The 2023 Price Cap Summary spreadsheet provides a summary of data contained in the ARC spreadsheets (2023 Rate Ceiling, 2023 Tariff Rate Comparison, and 2023 True Up spreadsheets) and 2023 Eligible Recovery spreadsheet.

4. IND1 Spreadsheet

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

5. CAP Spreadsheets

24. Price cap incumbent LECs 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.

25. Price cap incumbent LECs 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 Spreadsheet

26. The PCI1 spreadsheet 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);⁷⁰ (3) the exogenous cost change (Z); (4) the base-year (calendar-year 2022) 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 spreadsheet.

7. SUM1 Spreadsheet

27. This is a summary spreadsheet 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

⁶⁷ 47 CFR § 51.915(e)-(f).

⁶⁸ *Id.* § 51.915(d).

⁶⁹ *Id.* § 51.915(d)(viii).

⁷⁰ The X-Factor is set pursuant to section 61.45 of the Commission's rules. 47 CFR § 61.45.

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 spreadsheet.

8. EXG Spreadsheets

28. The EXG1 spreadsheet displays the exogenous cost changes to the PCIs attributable to any: (1) sale of exchanges; (2) FCC regulatory fees; (3) excess deferred taxes; (4) amortization of investment tax credits; (5) low end adjustment calculations; (6) fees associated with 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 incumbent LECs may file. There are no revisions to the EXG1 spreadsheet. The EXG2 spreadsheet displays the net exogenous shifts related to bands and zones. There are no revisions to the EXG2 spreadsheet.

29. Price cap incumbent LECs shall reflect an exogenous cost adjustment for TRS in a mid-September filing to incorporate the final contribution factor for tariff year 2022-23 in rates to become effective October 3, 2023 as this factor was not available by May 1, 2023. 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 3, 2023, as these fees are obligations covering a fiscal year that begins October 1, 2023. The exogenous cost adjustment for TRS for tariff year 2022-23 has to be grossed up and reflected in rates effective October 3, 2023, because the final contribution factor was not available by May 1, 2023. Price cap incumbent LECs 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 incumbent LECs will over- or under-recover their TRS exogenous costs beginning July 2023. 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 2022 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.⁷¹ Finally, price cap incumbent LECs have the option of not making an October 3, 2023 exogenous cost filing and rate adjustment if the total amount of such adjustments would either increase rates or meet a *de minimis* threshold of \$1,040, which is the current standard tariff filing fee, applied on the same basis as the tariff filing for which the filing fee is paid.⁷²

9. RTE1 Spreadsheets

30. These spreadsheets display information used to compute the APIs, SBIs, and upper SBI. They display base year 2022 demand, rates based on the last PCI update, current rates, proposed rates, and three different revenue figures computed by multiplying the 2022 demand by rates based on the last PCI update, current rates, and proposed rates, respectively. The RTE1 spreadsheets 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 spreadsheets allows rapid, consistent verification of index calculations across all companies. There are no revisions to these spreadsheets.

10. Rate Detail Spreadsheet

31. Price cap incumbent LEC are required to provide a spreadsheet 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 incumbent LECs 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 incumbent LECs also may include a rate-identifying

⁷¹ See *Exogenous Cost Public Notice; 2022 TRP Order* at *12, para. 40.

⁷² See 47 CFR § 1.1105.

code. The revenue amounts for baskets and categories are totaled to support the revenue amounts in RTE1. Each row of this spreadsheet corresponds to only one rate element. The rows reflect the basket and service category sequence used in RTE1. There are no revisions to this spreadsheet.

11. Services Excluded from Price Caps

32. For the 2023 filing, we require price cap incumbent LECs 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 incumbent LECs do not have to include in this list services not subject to price cap regulation pursuant to the *USF/ICC Transformation Order* or *Price Cap Business Data Services Order*.⁷³ For the remaining services included in the list, price cap incumbent LECs 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 incumbent LECs must also clearly state in their cover letter where this information can be found in their TRP.

B. Miscellaneous

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

V. RATE-OF-RETURN TARIFF REVIEW PLAN

A. Modifications to the Rate-of-Return TRP

34. In the 2023 rate-of-return TRP, we adopt certain modifications to the 2022 rate-of-return TRP to continue to implement the *USF/ICC Transformation Order*, the *Rate-of-Return Reform Order*, *Rate-of-Return Business Data Services Order*, and the *8YY Access Charge Reform Order*. These modifications are reflected in the workbooks referenced below. In addition, we attach a TRP for rate-of-return incumbent LECs subject to incentive regulation for certain BDS offerings. These TRPs are contained in the Appendix.

35. For special access, common line, and CBOL services for section 61.38 carriers that elect to complete new cost studies, there are two versions of the workbooks related to rate-of-return regulation.⁷⁴ The “2023 Annual Filing RoR CAF-BLS” and “2023 Annual Filing RoR ACAM” workbooks apply to section 61.38 carriers that receive CAF-BLS and Alternative Connect America Cost Model (ACAM)- or Alaska Plan-based support, respectively.⁷⁵

36. Section 61.38 carriers that receive CAF-BLS support and do not elect to complete new cost studies for services subject to rate-of-return regulation are required to submit the “2023 61.38 CAF-

⁷³ See *USF/ICC Transformation Order*, 26 FCC Rcd 17663; *Price Cap Business Data Services Order*, 32 FCC Rcd 3459.

⁷⁴ See 47 CFR § 61.38.

⁷⁵ 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 defined build-out obligations); *Connect America Fund et al.*, WC Docket No. 10-90 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).

BLS ILEC CBOL Rate Calculation” workbook. This workbook calculates the maximum permitted CBOL rate for section 61.38 carriers that receive CAF-BLS and do not elect to complete new cost studies.

37. For special access and CBOL services, section 61.39 carriers that receive CBOL support are required to submit the “2023 61.39 ILEC Special Access Reallocation” workbook.⁷⁶ 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.

38. For switched access services, rate-of-return incumbent LECs regulated pursuant to sections 61.38 and 61.39 of the Commission’s rules should complete the ARC-related workbooks:⁷⁷ (i) the “2023 Rate Ceiling CAF RoR ILEC” or the “2023 Rate Ceiling No CAF RoR ILEC,” and (ii) the “2023 Tariff Rate Comp CAF RoR ILEC” or the “2023 Tariff Rate Comp No CAF RoR ILEC” workbooks. These carriers also should complete the “2023 True Up RoR ILEC” and “2023 RoR ILEC ICC Data” workbooks.⁷⁸ The “2023 RoR ILEC ICC Data” workbook contains worksheets for carriers to determine their intrastate, interstate, and reciprocal compensation rates and Eligible Recovery, pursuant to sections 51.909(b)-(i), 51.705(c)(4) and 51.917(d) of the Commission’s rules.⁷⁹ These workbooks are modified to the extent necessary to implement the requirements of the *USF/ICC Transformation Order* for tariff year 2023-2024.⁸⁰ The 2023 TRPs are also updated to eliminate the limit on imputed ARC revenue from projected CBOLs. These workbooks are also modified to implement the toll free rate adjustment rules adopted in the *8YY Access Charge Reform Order*.⁸¹ Carriers must also summarize the data from these workbooks in the “2023 RoR ILEC Summary” workbook.

39. NECA prepared TRPs for rate-of-return incumbent LECs that elected incentive regulation for BDS services pursuant to the *Rate-of-Return Business Data Services Order*. These TRPs are for rate-of-return incumbent LECs for which NECA files special access rates, and it or its equivalent should be used by carriers that file their own special access rates. The “TY 2023-24 Individual Study Area BDS Annual TRP” and “TY 2023-24 Holding Company BDS Annual TRP” workbooks are for carriers that establish PCIs, APIs, SBIs, and upper SBI limits at the study area and holding company levels, respectively, and have elected BDS incentive regulation. 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 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 61.50.⁸²

40. In the *2022 TRP Order*, the Bureau instructed rate-of-return incumbent LECs 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 1, 2022. Any exogenous cost adjustment for TRS reflected in rates in effect October 1, 2022 had to be “grossed up” to spread the entire adjustment over the remaining months in the tariff year.⁸³ 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

⁷⁶ See 47 CFR § 61.39.

⁷⁷ 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.

⁷⁸ See 47 CFR §§ 61.38, 61.39.

⁷⁹ See 47 CFR §§ 51.909(b)-(i), 51.705(c)(4), 51.917(d).

⁸⁰ See *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-35, para. 801.

⁸¹ See 47 CFR § 51.909(m).

⁸² 47 CFR § 61.50.

⁸³ *2022 TRP Order* at *11-12, paras. 41-42.

carriers will over- or under-recover their TRS costs beginning July 1, 2023. Accordingly, any gross-up amount reflected in existing rates through the exogenous cost adjustment on October 1, 2022 must be removed in this year's annual filing via an exogenous cost adjustment.⁸⁴ Carriers that made an exogenous cost adjustment for TRS to the special access basket PCI and SBI upper limits in their mid-September 2022 TRPs must remove the effect of the gross-up from these indices, regardless of whether they changed their rates on October 1, 2022 or subsequently. The exogenous cost adjustment to remove the effect of the gross-up is reflected in the TRPs contained in the Appendix.

41. Rate-of-return incumbent LECs electing incentive regulation for BDS shall reflect exogenous cost adjustments for TRS, NANPA, and regulatory fees in a mid-September 2023 filing in rates to become effective October 3, 2023. Any exogenous cost adjustment for TRS reflected in rates in effect October 3, 2023 shall be "grossed up" to spread the entire adjustment over the remaining months in the tariff year. Rate-of-return incumbent LECs electing BDS incentive regulation have the option of not making an October 3, 2023 exogenous cost filing and rate adjustment if the total amount of such adjustments would either increase rates or meet a *de minimis* threshold of \$1,040.00, which is the current standard tariff filing fee, applied on the same basis as the tariff filing for which the filing fee is paid.⁸⁵

B. General Guidelines Applicable to NECA

42. We have not adopted a TRP for NECA for services other than BDS, although NECA should refer to the 2023 rate-of-return TRPs for guidance on the level of support materials to provide in its annual filing.

VI. GENERAL INSTRUCTIONS

43. 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

44. If an incumbent LEC files an amended transmittal revising its TRP after June 16, 2023, 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

45. 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*.⁸⁶ 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.

⁸⁴ *See id.*

⁸⁵ 47 CFR § 1.1105.

⁸⁶ *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).

C. Compliance with the Paperwork Reduction Act

46. As is the case with each year's TRPs, the 2023 TRPs contained in this Order contain modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA).⁸⁷ The TRP collections were approved by the Office of Management and Budget (OMB) under the PRA.⁸⁸ In addition, we note that pursuant to the Small Business Paperwork Relief Act of 2002,⁸⁹ 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.

47. 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

48. 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.

49. 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, sections 69.3(a), 69.3(h), 51.907(k), and 51.909(o) of the Commission's rules, 47 CFR § 69.3(a), 51.907(k), and 51.909(o), ARE WAIVED to the extent specified herein.

50. 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

Gil M. Strobel
Chief, Pricing Policy Division
Wireline Competition Bureau

⁸⁷ Pub. L. No. 104-13; *see* 44 U.S.C. § 3507.

⁸⁸ *See* OMB, Notice of OMB Action, OMB Control No. 3060-0400 (dated July 28, 2020), https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202005-3060-013. 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 June 2020), https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202005-3060-013; 44 U.S.C. § 3507.

⁸⁹ Pub. L. No. 107-198; *see* 44 U.S.C. § 3506(c)(4).

APPENDIX

Tariff Review Plans

<https://www.fcc.gov/2023-tariff-review-plans>