

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

In the Matter of
National Exchange Carrier Association, Inc.
2026 Modification of Average Schedules
WC Docket No. 25-339

ORDER

Adopted: May 15, 2026

Released: May 15, 2026

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

1. In this Order, we approve the formulas for average-schedule interstate settlement disbursements in connection with the provision of interstate access services proposed by the National Exchange Carrier Association, Inc. (NECA), pursuant to section 69.606 of the Commission’s rules, for a one-year period from July 1, 2026 to June 30, 2027.1 For the reasons set forth below, we approve the average-schedule formulas proposed by NECA.

2. NECA administers interstate access tariffs for rate-of-return incumbent local exchange carriers (carriers) participating in NECA’s access charge tariff pools.2 Carriers participating in the NECA pooling process recover their interstate costs as either cost companies or average schedule companies.3 Rather than being compensated based on their own costs, average-schedule companies receive settlement disbursements based on formulas developed by NECA and approved by the Commission.4 These average-schedule formulas are designed to simulate the compensation that would be received by a cost company representative of average-schedule companies.5 Every year on or before December 31st, NECA is required to submit proposed revisions to the average-schedule formulas for a one year period, typically for the following tariff year beginning July 1st, or certify that a majority of the directors of NECA believe that no revisions are warranted.6

3. On December 23, 2025 and pursuant to section 69.606(b) of the Commission’s rules, NECA submitted proposed revisions to the average-schedule formulas for the tariff year July 1, 2026 to

1 Letter from Robert J. Deegan, Director-Government Relations, NECA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 25-330, Attach., NECA 2026 Modification of Average Schedules (filed Dec. 23, 2025) (NECA 2026 Filing); 47 CFR § 69.606(b).

2 See Connect America Fund; Developing a Unified Intercarrier Compensation Regime, WC Docket No. 10-90, CC Docket No. 01-92, Order, 37 FCC Rcd 13383, 13383, para. 2 (WCB/PPD 2022).

3 Id. at 13383-84, para. 2. Cost companies calculate their interstate cost recovery based on individual cost studies consistent with parts 32, 36, and 64 of the Commission’s rules. Id. at 13383, para. 2 n.4.

4 See id. at 13383, para. 2 n.5 (citing ALLTEL Corp. v. FCC, 838 F.2d 551, 553 (D.C. Cir. 1988)).

5 47 CFR § 69.606(a).

6 Id. § 69.606(b).

June 30, 2027 (NECA's 2026 filing).⁷ The Wireline Competition Bureau sought comment on NECA's 2026 filing in a public notice released January 6, 2026.⁸ No comments or reply comments were filed.

4. According to NECA, its 2026 filing generally employs the same methods NECA employed in last year's filing for the tariff year July 1, 2026 to June 30, 2027.⁹ NECA proposes the same approach to develop the common line access line formula,¹⁰ the consumer broadband-only loop (CBOL) settlement formula,¹¹ and the special access formulas.¹² NECA also proposes the same approach to compensate average schedule companies for their contributions to the Universal Service Fund based on "the portion of the contribution paid that is associated with the regulated revenues of the average schedule company."¹³ NECA developed a new five-year sample design to provide "for samples of average schedule and cost study areas to supply data to NECA over the five-year period from 2024 to 2028."¹⁴ The 2026 study utilizes data collected from the first year (2024) of the new sample design, as well as the final year (2023) of the previous sample design running from the years 2019 to 2023. Additionally, this year NECA did not need to include an adjustment to its settlement disbursements to remove the effect of forgiven Paycheck Protection Program loans, as it has in prior years.¹⁵

5. NECA projects that its proposed formula changes would result in a 2.32% overall increase in average-schedule settlement disbursements at constant demand for the 244 study areas participating in NECA's common line, special access, and/or switched access¹⁶ pools, and/or for which NECA tariffs CBOL rates.¹⁷ NECA projects actual settlements to increase on average by 4.1% due to "projected increases in CBOL lines, projected losses of access lines, and reductions in demand for special access services."¹⁸ NECA explains that the actual settlement increase is "mainly driven by projected increases in CBOL demand."¹⁹ NECA projects a 2.05% overall increase in settlements derived from the common line access line formula at constant demand due to "higher account growth and a continued decline in demand, partially offset by decreased Part 69 Common Line allocation."²⁰ NECA projects a 4.72% increase in CBOL formula settlements at constant demand due to the revised common line formula

⁷ NECA 2026 Filing at 1.

⁸ *Wireline Competition Bureau Seeks Comment on the National Exchange Carrier Association, Inc.'s Proposed Modification of Average Schedule Formulas*, WC Docket No. 25-339, Public Notice, DA 26-10, at 1 (WCB Jan. 6, 2026).

⁹ NECA 2026 Filing, Attach. at 1.

¹⁰ *Id.*, Attach. at 110.

¹¹ *Id.*, Attach. at 115.

¹² *Id.*, Attach. at 118.

¹³ *Id.*, Attach. at 117.

¹⁴ *Id.*, Attach. at 5, 5-37.

¹⁵ See Letter from Robert J. Deegan, Director-Government Relations, NECA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 24-685, Attach., NECA 2025 Modification of Average Schedules at 4, 92-93 (filed Dec. 19, 2024).

¹⁶ This overall 2.32% increase reflects the required 5% annual reduction to the interstate switched access portion of Base Period Revenue Requirement under the Commission rules. NECA 2026 Filing, Attach. at 131, 136.

¹⁷ 2026 NECA Filing, Attach. at 1. NECA explains that at constant demand, 88 of 244 study areas are expected to have settlement increases whereas at projected demand, 75 of 244 study areas are expected to have settlement increases. *Id.*, Attach. at 129.

¹⁸ *Id.*, Attach. at 4.

¹⁹ *Id.*, Attach. at 1.

²⁰ *Id.*, Attach. at 129.

and higher CBOL factors.²¹ NECA also projects a 3.34% increase in special access DSL formula settlements and a 0.73% decrease in special access non-DSL formula settlements, both at constant demand.²² As NECA explains, the “[i]mpacts of the proposed formula changes on individual average-schedule companies will vary depending on each company’s size, demand trends, and other characteristics.”²³

6. In coordination with the Office of Economics and Analytics, the Pricing Policy Division of the Wireline Competition Bureau reviewed NECA’s 2026 filing and, based on NECA’s explanations and methodology, find that NECA’s proposed modifications to average-schedule settlement disbursement formulas are reasonable. We find that, based on the projections provided by NECA, the proposed average-schedule formulas are expected to produce disbursements to average-schedule companies that simulate the disbursements that would be received by a cost study company that is representative of average schedule companies.²⁴ Accordingly, we approve NECA’s proposed average schedule formulas for the tariff year from July 1, 2026 to June 30, 2027.²⁵

7. Accordingly, IT IS ORDERED, pursuant to sections 0.91, 0.291, and 69.606 of the Commission’s rules, 47 CFR §§ 0.91, 0.291, 69.606, that the average-schedule formulas proposed by the National Exchange Carrier Association, Inc., on December 23, 2025 SHALL BECOME EFFECTIVE July 1, 2026, and remain in effect through June 30, 2027.

8. 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

Lynne H. Engledow
Chief, Pricing Policy Division
Wireline Competition Bureau

²¹ *Id.*, Attach. at 1, 4.

²² *Id.*, Attach. at 131.

²³ *Id.*, Attach. at 1.

²⁴ *See* 47 CFR § 69.606(a).

²⁵ *See id.* § 69.606.