Tariff 6 and BDS

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Agenda

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- NECA tariffing options for BDS electors
- BDS tool
- Additional BDS support
- Summary

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Business data services
BDS incentive regulation

- BDS order (FCC 18-146) provides the option for rate-of-return carriers receiving model support to migrate their business data services to incentive regulation pricing (e.g., price cap)
  - Dedicated point-to-point transmission of data at guaranteed speeds and service levels using high-speed connections (aka special access)
  - Rates are set at or below caps based on Part 61 rules
    - Adjustments for productivity, inflation and exogenous cost changes
    - Earnings are not prescribed

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Business data services
Low speed

- Low-speed services subject to incentive pricing regulation
  - Metallic ethernet service
  - Telegraph grade
  - Voice grade
  - Program audio and video
  - Digital data
  - High capacity (DS1 and DS3)

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Business data services
Low speed

- Low-speed pricing
  - Rates are subject to incentive pricing regulation and are filed in a tariff
- NECA calculates BDS rate caps in the BDS web tool for study areas based on:
  - Inflation factor (GDP-PI)
  - Productivity factor (X-factor)
  - Incremental exogenous costs
  - Company specific demand from prior year
  - Company specific data from Form 499A

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Business data services
High speed

- High-speed services
  - Synchronous optical channel service
  - Frame relay
  - Asynchronous transfer mode cell relay service
  - Ethernet transport service
  - Internet Protocol gateway service
  - Digital subscriber line
  - Optical wavelength service

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Business data services
High speed

- High-speed pricing – packet-based and time division multiplexing greater than DS3
  - Rates are not subject to incentive pricing regulation
  - Tariffed rates are frozen for the first six months
  - Electing companies must detariff services subject to high-speed pricing within three years of initial conversion to BDS
  - Sections 201, 202 and 208 of the Communications Act still apply to ensure rates and practices remain just and reasonable

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NECA tariffing options for BDS electors
NECA Tariff FCC No. 5

- Study areas that elected incentive regulation were required to remove their BDS from NECA's traffic sensitive pool and NECA Tariff FCC No. 5
- These study areas have the option to be in the switched access portion of NECA's TS pool and tariff
  - Benefits include:
    - NECA will calculate and file your CAF ICC support data and switched access rates
    - Pooling helps stabilize cash flow for revenue/demand forecast misses
- BDS electors can also file their common line and CBOL rates in NECA Tariff FCC No. 5

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NECA tariffing options for BDS electors
NECA Tariff FCC No. 6

- BDS electors can file their BDS rates in NECA Tariff FCC No. 6
- Annual filing in mid-June for effective date of July 1
  - Low-speed BDS subject to price caps
  - High-speed rates only for those that remain tariffed within the three-year transition
- Midcourse filing in mid-September for effective date of Oct. 1
  - Low-speed BDS subject to price caps
- Mid-December filing for effective date of Jan. 1
  - For high-speed rates being detariffed

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NECA tariffing options for BDS electors
NECA Tariff FCC No. 6

- NECA provides a user-friendly web tool to ensure compliance with price cap rules for NECA Tariff FCC No. 6 participants
  - NECA will:
    - Develop price caps using its incentive pricing model and collect required demand and exogenous cost data
    - File company-selected rates in NECA Tariff FCC No. 6 along with associated tariff review plan
    - Work directly with the FCC on behalf of the company to address any items that may arise with tariff filing

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NECA tariffing options for BDS electors
NECA Tariff FCC No. 6

- BDS exogenous cost filing typically in mid-September for effective date of Oct. 1
  - Reflects rate adjustments to recover incremental exogenous costs based on final regulatory fees, NANPA and TRS factors
  - Our incentive pricing model web tool can help determine whether current rates result in over/under-recovery based on exogenous cost factor changes
    - Rate changes are required if changes in exogenous cost factors result in over-recovery
    - Rate changes are optional as long as rates continue to meet the price caps

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BDS tool

- Web-based tool created by NECA to help members complete work required to set lower-speed BDS rates using FCC prescribed rules
- Use of BDS tool is included with participation in NECA Tariff FCC No. 6
  - Results are used to create TRPs, NECA Tariff FCC No.6 rate pages and rate comparison reports
  - Companies also have access to historical information for prior:
    - Data submissions in BDS tool
    - Rate comparison reports

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BDS tool
Live demonstration

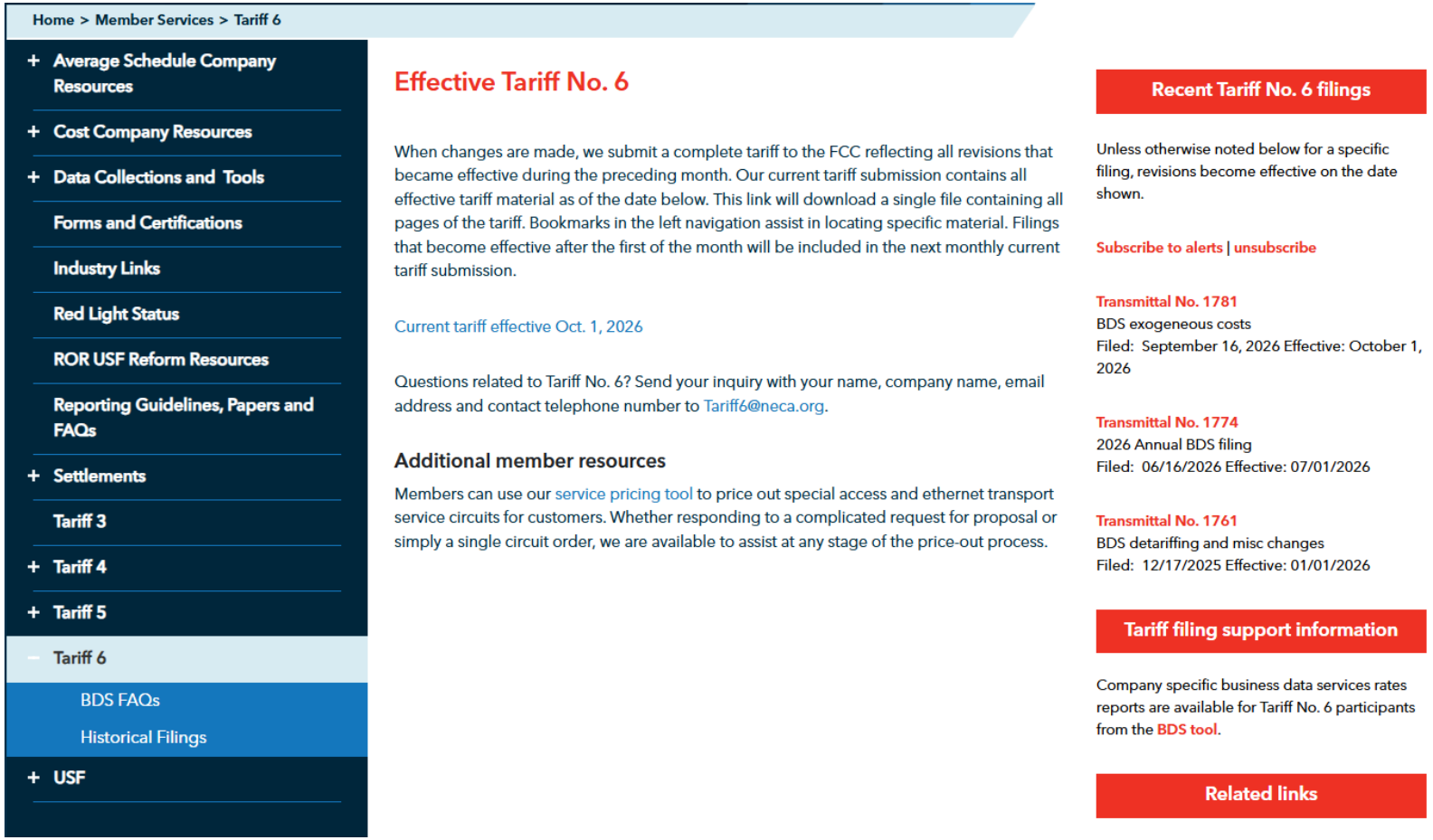


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Additional BDS support

- Dedicated landing page on NECA's website with links to:
  - BDS FAQs
  - Current tariff filing
  - Historical tariff filings
  - Service pricing tool



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Summary

- NECA Tariff FCC No. 6 is open to all BDS electors during the annual tariff election
- Our incentive regulation website is:
  - Easy-to-use tool
  - Guides companies in rate selection
    - Ensuring compliance with FCC price cap rules
    - Maximizing cost recovery
    - Allowing competitive pricing flexibility
- We are here to help you

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Acronyms

A-CAM	Alternative Connect America Cost Model
BDS	Business Data Services
CAF ICC	Connect America Fund Intercarrier Compensation
CFR	Code of Federal Regulations
DS3	Digital Signal – Level 3
DSL	Digital Subscriber Line
ERO	E-Rate Option
ETS	Ethernet Transport Service
EUCT	End User Channel Termination
FAQ	Frequently Asked Question
FCC	Federal Communications Commission
ILEC	Incumbent Local Exchange Carrier

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Acronyms

LS	Local Switching
NANPA	North American Numbering Plan Administration
NECA	National Exchange Carrier Association
RoR	Rate of Return
SPA	Special Access
TRS	Telecommunications Relay Service
TS	Traffic Sensitive
USAC	Universal Service Administrative Company
USF	Universal Service Fund

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