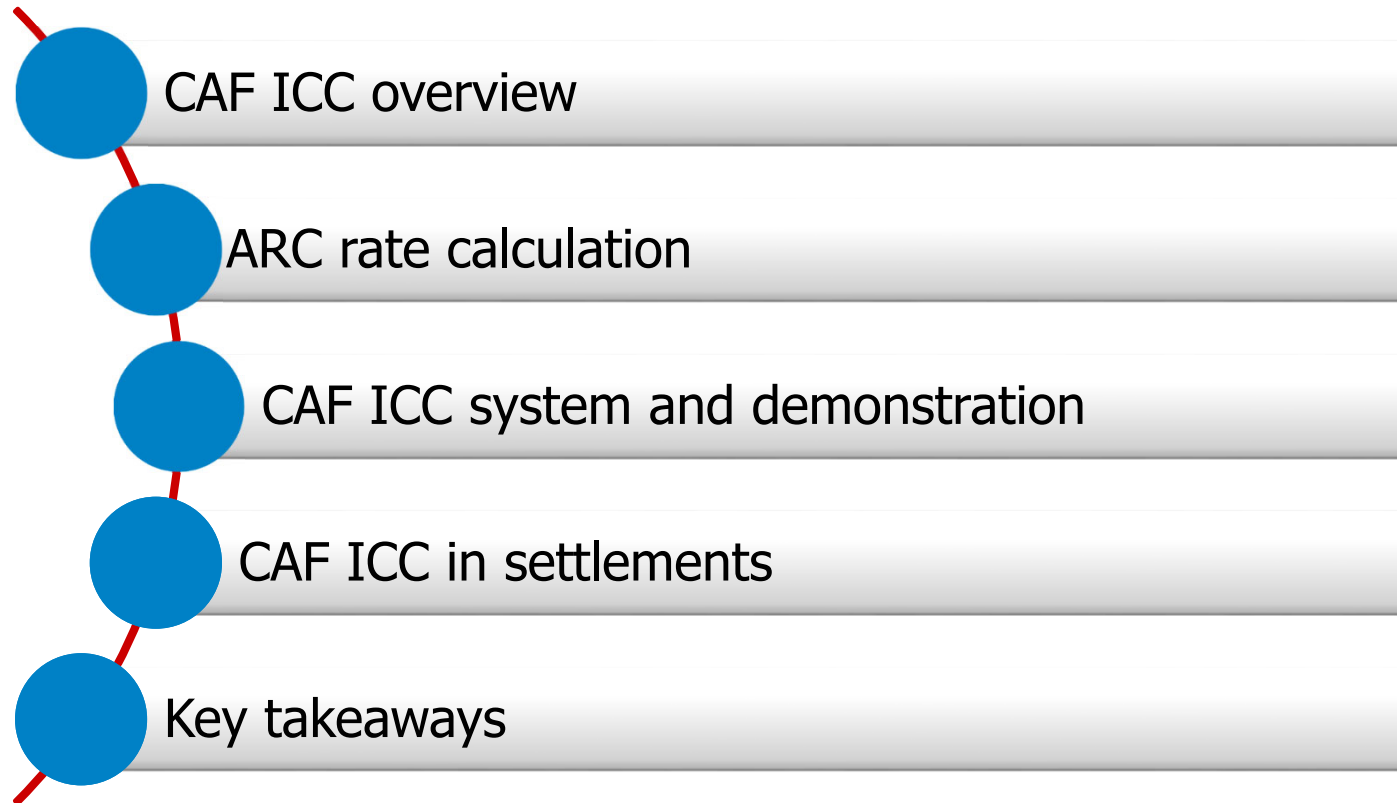




Making a Splash with CAF ICC

Presented by:
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Agenda



CAF ICC overview

- Transitional switched access support designed to offset revenue shortfalls created by the FCC's intercarrier compensation reforms*
 - Support formula based on frozen 2011 switching RRQ
- Annual filings due mid-June concurrent with annual access tariff filing
- Funding period is July 1 to June 30
- Calculated and disbursed based on projections subject to true-up and double recovery adjustments
- 47 CFR §51.917

*2011 Transformation Order, FCC 11-161, released Nov. 18, 2011

CAF ICC overview

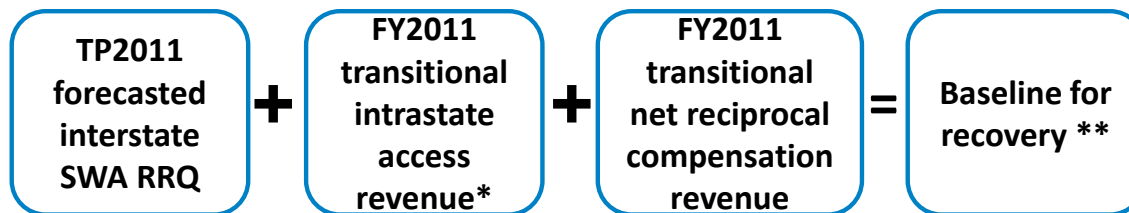
Annual access tariff filing

- Data collected is required by NECA and USAC to calculate CAF ICC eligible recovery and support, and ARC rates
- CAF ICC data is included in NECA's annual access tariff filing
- Data is required on a study area basis for the following:
 - TS pool members
 - Companies planning to enter the TS pool
 - Companies remaining in or reentering switched-access-only pool

CAF ICC overview

Support calculation

Step 1: Determine RoR baseline for recovery



TP2011 – test period July 2011 to June 2012

FY2011 – fiscal year 2011: Oct. 1, 2010, to Sept. 30, 2011

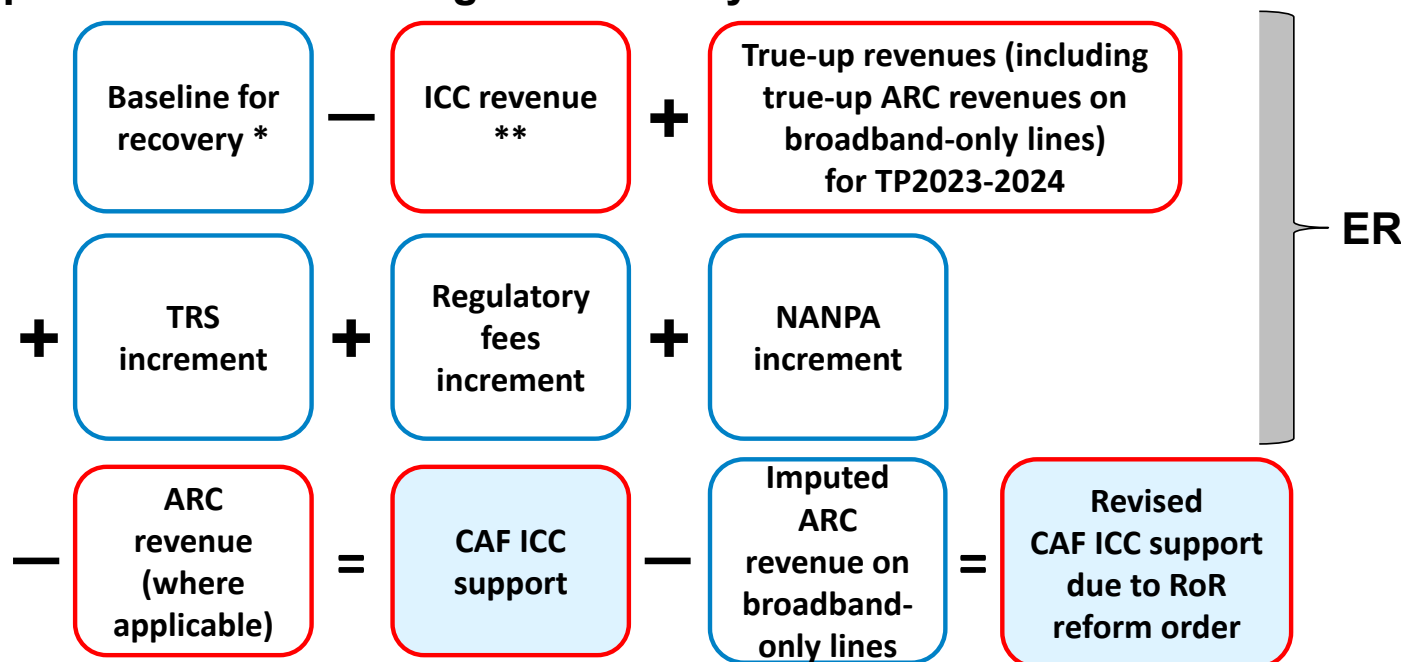
*Intrastate revenue from all rates capped or reduced by the order

** Baseline for recovery will decline by 5% per year

CAF ICC overview

Support calculation

Step 2: Calculate RoR eligible recovery



TP2025-2026: test period July 1, 2025, to June 30, 2026

* Baseline for recovery will decline by 5% per year

** All ICC revenue from rate elements capped or reduced by the order using forecasted demand
Interstate LSS for price cap affiliates is frozen and reduced by 5%

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CAF ICC overview

Certifications

- Certifications must be made by an officer of the company
- Data must be certified before filing
 - All SW pool members must submit the following certifications
 - Accuracy of the CAF ICC data reported
 - Eligibility for CAF ICC recovery
 - Authorize NECA to file data reported on behalf of reporting carrier
 - Not seeking duplicative recovery



<https://dm0qx8t0i9gc9.cloudfront.net>

CAF ICC overview

FCC and USAC filings

- NECA files support data as agent
 - CAF ICC data included in annual tariff filing
 - CAF ICC data filed with USAC concurrent with annual tariff filing
 - Correction filings
- Calculates and files ARC rates
 - Annual tariff filing
 - Voluntary rate change and correction filings

Note: On behalf of traffic sensitive and traffic sensitive/switched pool members

CAF ICC overview

FCC and USAC filing – summary report

The summary report displays combined results of the following:

- Projected eligible recovery for
 - Interstate
 - Intrastate
 - Reciprocal compensation
- Lines and exogenous costs
- True-up
- Pre-true-up view and post-true-up view (filing view)
- Revised support with imputed ARC revenue for CBOL

CAF ICC overview

TRP development and filing

- TRP development is in accordance with FCC requirements; complete USAC template based on data in the FCC TRP
- NECA reviews approach and methodologies with FCC staff before filing
- Confidential and public version of CAF ICC TRP is filed with annual filing
 - Confidential version contains all data
 - Public version contains rate information, which is publicly available

Note: On behalf of traffic sensitive and traffic sensitive/switched pool members

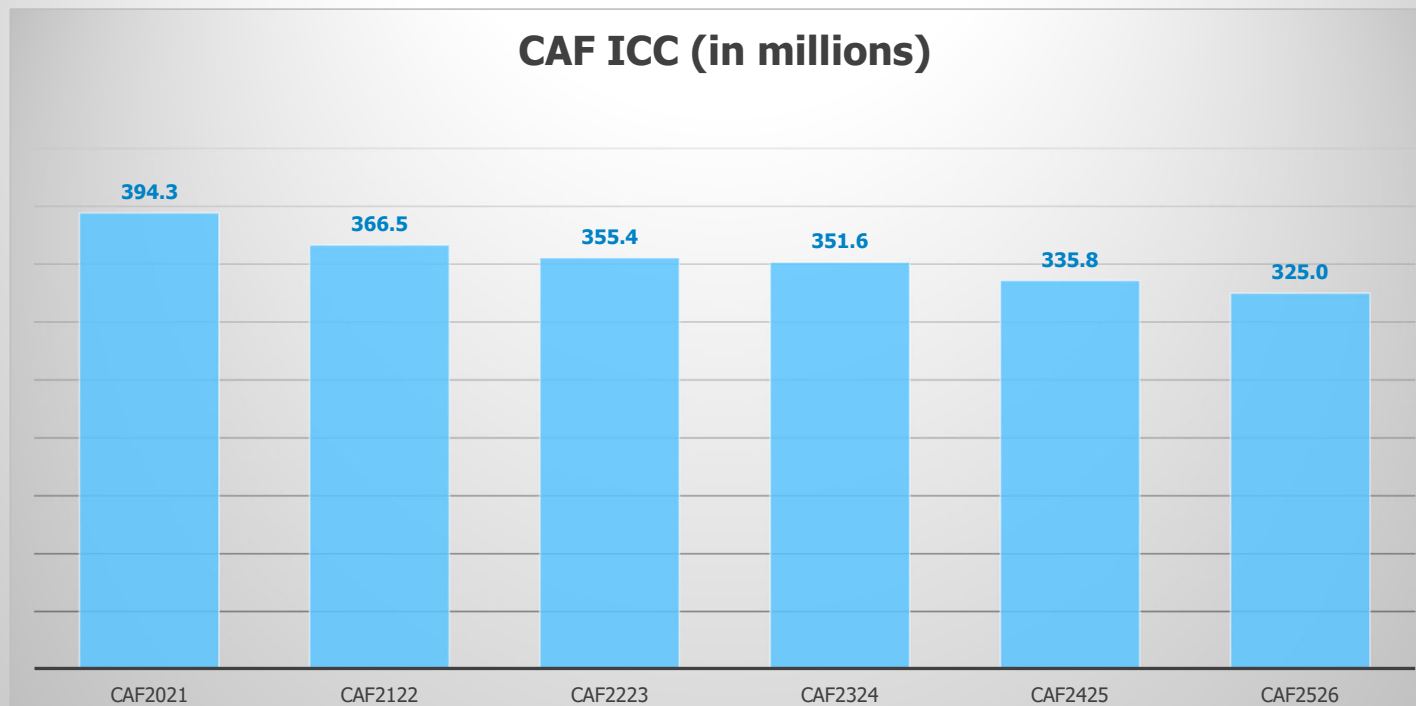
CAF ICC overview

Review and audit

- NECA supports members by:
 - Providing data to members to support audit requests (e.g., BCAP, PQA, limited review)
 - Providing education/clarification to USAC audit staff and operations staff as needed

CAF ICC overview

Support over the years



Source: USAC filings

ARC calculation

ARC rate for voice and voice-data lines

- Residential customers – beginning July 1, 2012, a maximum of \$.50 per month for each line, allowed to increase \$.50 per year up to six years
 - Maximum residential ARC is \$3
 - Effective July 1, 2017
 - Rate(s) calculated at the exchange/rate zone level

17.8 Access Recovery Charge (Cont'd)

Company Name	State	Study Area Number	Exchange	Rate Zone	RES ARC	Monthly Rate		
						SLB ARC	MLB ARC	
ABC Telephone Company	CA	541111	Exchange A	A11	\$2.73	(R)	\$3.00	\$3.00
			Exchange B	A11	\$3.00		\$3.00	\$3.00
			Exchange C	A11	\$0.00		\$3.00	\$3.00
			Exchange D	A11	\$2.52	(R)	\$3.00	\$3.00

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ARC calculation

ARC rate for voice and voice-data lines

■ Example 1

- Maximum total local rate components in any subsequent year since 2012 = \$32
- Rate ceiling = \$30
- Proposed residential ARC for the test period 2025/26 = \$0

■ Example 2

- Maximum total local rate components in any subsequent year since 2012 = \$27
- Rate ceiling = \$30
- Proposed residential ARC for test period 2025/26 = \$3

ARC calculation

ARC rate for voice and voice-data lines

- Single line business customers – beginning July 1, 2012, a maximum of \$.50 per month for each line, allowed to increase \$.50 per year up to six years
 - Maximum single line business ARC is \$3 effective July 1, 2017
 - Calculated at the study area level
 - FCC local services rate ceiling does not apply to single line business voice/voice-data lines

ARC calculation

ARC rate for voice and voice-data lines

- Multiline business customers – beginning July 1, 2012, a maximum of \$1 per month for each line, allowed to increase by \$1 per year, up to six years
 - Maximum multiline business ARC = \$6
 - Limited by cap of \$12.20 per line on the sum of the MLB ARC plus MLB end user common line charge
 - MLB EUCL (aka SLC) for most NECA common line tariff participants is \$9.20 so maximum tariffed MLB for those companies is \$3 effective July 1, 2017
 - Calculated at the study area level
 - FCC local services rate ceiling does not apply to multiline business voice/voice-data lines

ARC calculation

ARC rate for voice and voice-data lines

- An individual company's maximum ARC rate cannot generate more revenue than the company's eligible recovery amount for the upcoming tariff period
 - When eligible recovery amount is exceeded, all three ARCs are scaled down proportionally resulting in \$0 CAF ICC support

ARC calculation

ARC rate for broadband-only lines

- Broadband-only ARC imputation is based on residential, single line business and multiline business ARC rates calculated for voice and voice-data lines
 - ARC rates are not billed to the broadband-only customer
 - ARC broadband-only revenues are **imputed** on supported lines and reported for pooling and CAF ICC purposes

ARC calculation

ARC rate for broadband-only lines

- ARCs for broadband-only lines are **imputed, not billed**
 - Regardless of whether company receives support from CAF BLS or model support
 - Includes employee concession lines (no discounts allowed)
 - Includes broadband-only lines where CBOL is tariffed, detariffed or non-common-carrier and should include lifelines eligible for CBOL support
 - Not dependent on company DSL pool participation
 - If single line business and multiline business cannot be distinguished, the average weighted ARC rates across SLB and MLB lines are used to impute the associated ARC revenues

CAF ICC system and demonstration

Key dates

- Phase 1 – company submits data
 - Mid-March through mid-April
- Phase 2 – NECA review data
 - Mid-April
- Phase 3 – company revises data, if applicable
 - End of April through mid-May
- Phase 4 – company officer certifies data
 - Mid-May through end of May

CAF ICC system and demonstration

How to access the system

- Access via www.neca.org (login required)
 - From [Member Services](#) drop down menu, select [Data Collections and Tools](#)
 - Select [CAF ICC Data Collection](#)
 - Link is also found in [My Applications](#)
- Access via www.necainfo.org to go directly to data collections and tools (will prompt for login if needed)
- Instructions are available online

CAF ICC system and demonstration

How to access the system

- Member services menu (login required)



CAF ICC system and demonstration

Instructions and documents page

Instructions and documents	
	CAF ICC - FAQ
	2021 CAF ICC Q&A
	Instructions for Test Period 2025-2026 Pre True-Up View
	Instructions for Test Period 2023-2024 True-Up
	Instructions for Test Period 2025-2026 Filing view
	Template for Exogenous Costs Projection_2024 Proposed Change
	Double Recovery - Cost Changes Requiring Action to Avoid Double Recovery
	Double Recovery - Calculations Spreadsheet
	Double Recovery - Frequently Asked Questions
	Revised CAFICC Support with Imputed ARC Revenue for Broadband-Only Lines
	ARC - FAQs

CAF ICC system and demonstration

Main page

Main Page

Study Area Interstate Data

Study Area Interstate Revenues, RRQ & Eligible Recovery

Completed ☒

Study Area Intrastate Data

Study Area Intrastate Rates & Demand Data (TRP) at Rate Element Level

Completed ☒

Study Area Intrastate Revenues (FCC TRP) Output

Study Area Intrastate Revenues, RRQ & Eligible Recovery

Completed ☒

Study Area Fee Increments Data Input (Cost Companies only)

Completed ☒

Reciprocal Compensation Data

Reciprocal Compensation Data (CMRS & Non-CMRS)

Completed ☒

Study Area Access Recovery Charge (ARC)

Study Area Residential Lines, Local Rates and Business Lines

Completed ☒

Study Area Business Lines (SLB & MLB)

Completed ☒

Study Area Broadband-Only Lines

Completed ☒

Administration Section

Update True-Ups (Admin Only)

Test-Year 2023-2024 True-Ups

Study Area TY 2023-2024 ARC Revenues True-Up

Completed ☒

Study Area TY 2023-2024 True-Ups

Completed ☒

Study Area Eligible Recovery, ARC and CAF Output

Access Recovery Charge Output (Pre True-Up & Post True-Up)

Study Area Eligible Recovery, CAF ICC Support (Pre True-Up & Post True-Up)

Revised CAF ICC Support with Imputed ARC Revenue for Broadband-Only Lines

Test Year 2025-2026 Summary Report

Historic Reports

USAC Reports

Historic Summary Reports (View By Study Area ID)

Historic Intrastate Rates and Demand Data (TRP)

Historic Local Rates

Historic ARC Rates

Historic Toll Free Demand and Rates Report

Historic Certification

CAF ICC system and demonstration

System demonstration

- From here we will see a demonstration of the CAF ICC system that includes:
 - Interstate data
 - Intrastate data
 - Reciprocal data
 - Access recovery charge
 - Test year true-ups

CAF ICC in settlements

- Pooled support is populated by NECA
- Projected amounts per annual tariff filing for effect July 1 of each year
- Updated with trued-up amount per true-up filing included in subsequent annual filing

Key takeaways

- By participating in NECA TS and/or SW-only pool, we will:
 - File certified CAF ICC data with both USAC and FCC
 - File ARC rates with the FCC
 - Provide data to support audit requests
 - Assist companies in proposed mergers by:
 - Calculating effect on CAF ICC
 - Calculating switched access rates



Source: Microsoft Office 365

thank you!



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Acronyms

- ARC Access Recovery Charge
- BCAP Beneficiary and Contributor Audit Program
- CAF BLS Connect America Fund Broadband Loop Support
- CAF ICC Connect America Fund Inter-carrier Compensation
- CBOL Consumer Broadband Only Line
- DSL Digital Subscriber Line
- EUCL End User Common Line Charge
- ER Eligible Recovery
- FCC Federal Communications Commission

Acronyms

- HCLS High Cost Loop Support
- ICC Intercarrier Compensation
- MLB Multiline Business
- NECA National Exchange Carrier Association
- PQA Payment Quality Assurance
- RoR Rate of Return
- RRQ Revenue Requirement
- SLB Single Line Business
- SLC Subscriber Line Charge
- SWA Switched Access

Acronyms

- TRP Tariff Review Plan
- TS Traffic Sensitive
- USAC Universal Service Administrative Company