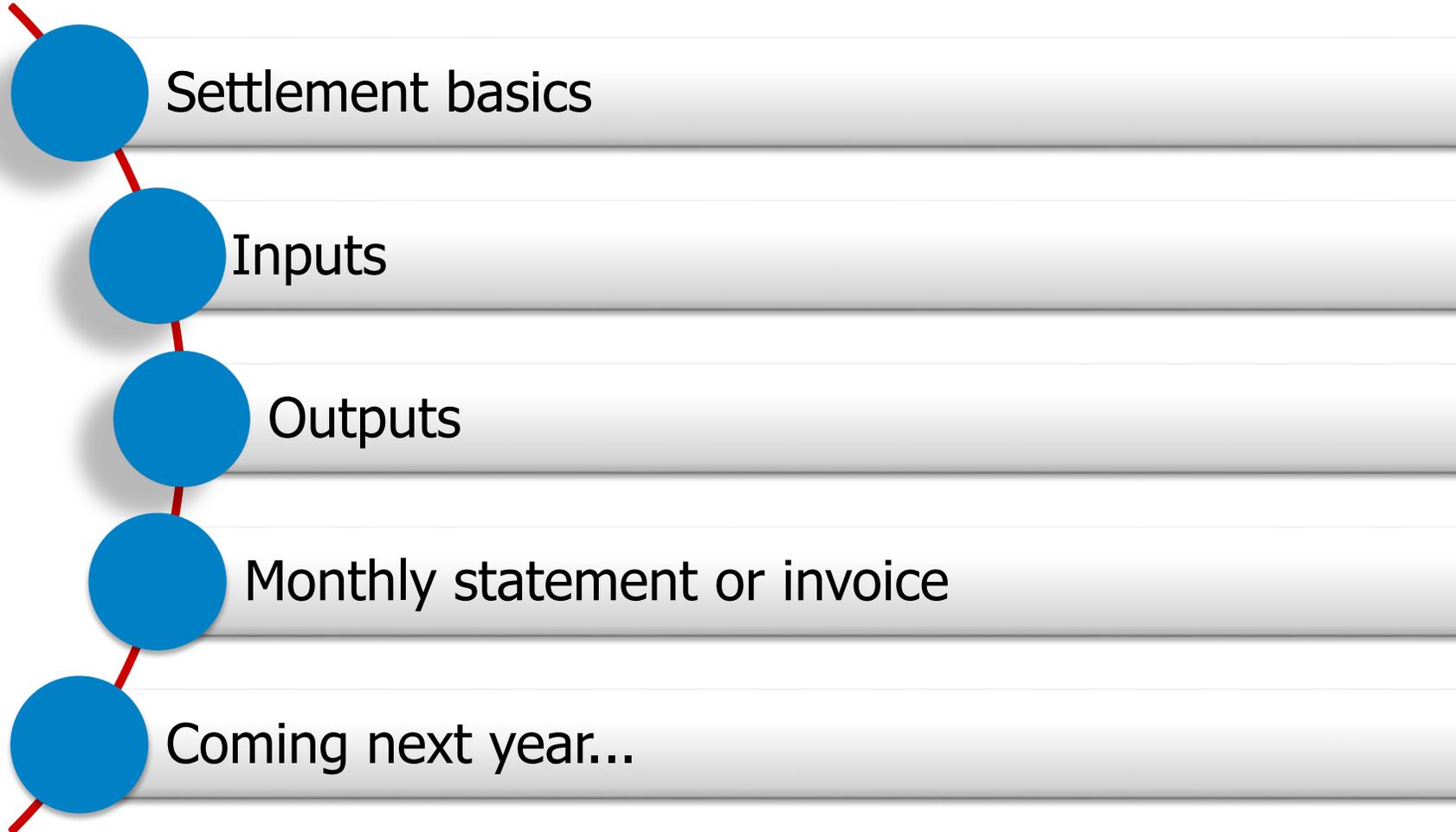




Settlements: A Deep Dive from Input to Output

Presented by:
Ann Wahba
Senior director
Industry Relations HQ Operations
awahba@neca.org

Agenda



Settlement basics

- Each NECA pool is a revenue distribution mechanism designed to facilitate the recovery of costs associated with providing regulated **interstate** access services
 - NECA has two pools: common line and traffic sensitive
 - CL and TS pool results are calculated separately
- Each participating exchange carrier receives a share of total pool revenue available to cover the EC's interstate regulated revenue requirement
- Each month is calculated separately from every other month and all pool funds are distributed monthly

Settlement basics

- Each month the following data months are processed:
 - The current month estimate
 - Each of the previous 24 months to which adjustments were made
 - The current month and 24 prior months are referred to collectively as **the open window** or **in window**
 - Any month to which pooled support true-ups have been applied
 - CAF ICC true-ups occur in window, and CAF BLS true-ups occur outside the open window
 - These older months are referred to collectively as **the extended window**
- Monthly settlements reflect the net result of all data months processed

Settlement basics

- Settlement amounts are netted with revenue held by the EC
 - A net balance is calculated for each pool and combined to calculate each EC's total net balance for a given settlement cycle
 - If the total net balance is positive, NECA pays the EC
 - If the total net balance is negative, the EC pays NECA
- Pooling companies share the risks and rewards associated with
 - Unexpected changes to company costs from forecast to actual
 - Unexpected changes to company revenue due to fluctuations in demand
 - Including lost revenue due to a natural disaster

Settlement basics

- Key elements used in the calculation of monthly settlements
 - Company **revenue requirement** for all pool members
 - Authorized rate of return for CL and SP investment is currently 9.75%
 - Authorized rate of return for SW investment is 11.25%
 - Cost company RRQ is based upon actual costs
 - Average schedule company RRQ is based upon annually approved formulas developed to approximate cost company RRQ

Settlement basics

- Key elements (cont.)
 - Company **revenue** billed at NECA tariff rates for all pool members
 - CL and SP: billed
 - SW: realized (received)
 - Pooled support for all pool members
 - NECA administrative expenses applied at the total pool level: CL, SW and TS

Inputs

- Current month (data month estimate)
 - Direct data entry
 - Use prior month inputs (roll DME)
 - Use a study area specific data model
 - NECA-created model: three-month rolling average using latest views (default model)
 - Company-provided model (manual model)

Caution: Consider unusual activity when using the prior month or a rolling three-month average

Inputs

- AS1000 and EC1050 – member company inputs
 - The demand section is identical in content for both AS and cost companies

--- ACCESS MINUTES & LINES ---	
1	Access Minutes
	A) Interstate Access Minutes (incl. VoIP)
	B) Intrastate Term SW Access (incl. VoIP)
2	Access Lines in Service (2A+2B)
	A) Residential & Single-Line Business (1+2)
	1) Residential
	2) Single-Line Business
	B) Multi-Line Business
	C) Regulated Tariffed DSL Line Counts (1+2)
	1) Regulated Tariffed Data only (CBOL) lines
	2) Regulated Tariffed Voice-Data lines

Inputs

- Demand reporting requirements may differ between AS and cost procedures
- Average schedule formulas require specific demand inputs for the accurate calculation of settlements
 - For example, AS companies receiving model support, and therefore not participating in the CL pool, are required to report access lines if they participate in the TS pool or the switched portion of the TS pool. Access lines are used in various settlement formulas
 - Cost companies receiving model support are not required to report access lines at all
- Exhibit 5-4 in the average schedule pool procedures
- Exhibit 5-3 in the cost pool procedures

Inputs

■ AS1000 and EC1050 – CL inputs

AS

----- COMMON LINE -----	
3	CL Other
4	A) Access Lines w/ Non-Reg Alloc (incl. in 2A & 2B)
	B) Regulated Data Only Lines w/ Non-Reg Alloc (incl. in 2C1)
	C) Non-Regulated Data Only Lines (Not incl. in 2C1)
5	Other CL Charges (A+B+C)
	A) Special Access Surcharge
	B) Federal Universal Service Charge
	C) Ln Prt Chg: ISDN Lns, DS1 Chnl Svc
6	Other CL Charges Realized Uncollectibles
7	Other CL Net Earned Rev (5+11-6)
8	EU Earned Rev (A+B)
	A) Residential & Single-Line Bus
	B) Multi-Line Business
9	EU Net Realized Uncollectibles
10	EU Net Earned Rev (8-9)
11	CL Interconnection
12	Universal Service Contribution Reimb
13	USC de minimus Status Impact

EC

-----COMMON LINE -----	
3	Common Line Earned Revenues:
	A) Reserved
	B) Reserved
	C) Other CL Charges (1+2+3)
	1. Special Access Surcharge
	2. Federal Universal Service Charge
	3. Ln Prt Chg: ISDN Lns, DS1 Chnl Svc
4	Other CL Charges Realized Uncol
5	Other CL Net Earned Revenue (3C-4)
6	EU Earned Revenue (A+B)
	A) Residential & Single-Line Bus
	B) Multi-Line Business
7	EU Net Realized Uncollectibles
8	EU Net Earned Revenue (6-7)
9	CL Expenses & Other Taxes (A+B)
	A) CL EOT Amount
	B) Universal Service Contribution Reimb
10	CL Average Net Investment
11	CL Income from AFUDC
12	CL Income Adjustment for FIT
13	CL FIT Tax Credit

Inputs

- AS1000 and EC1050 – CBOL inputs

AS	--- CONSUMER BBAND LOOP (CBOL) ---
14	CBOL Revenue (2C1 * Capped Rate)
15	Reserved
16	CBOL Net Earned Revenue (14)
17	Reserved

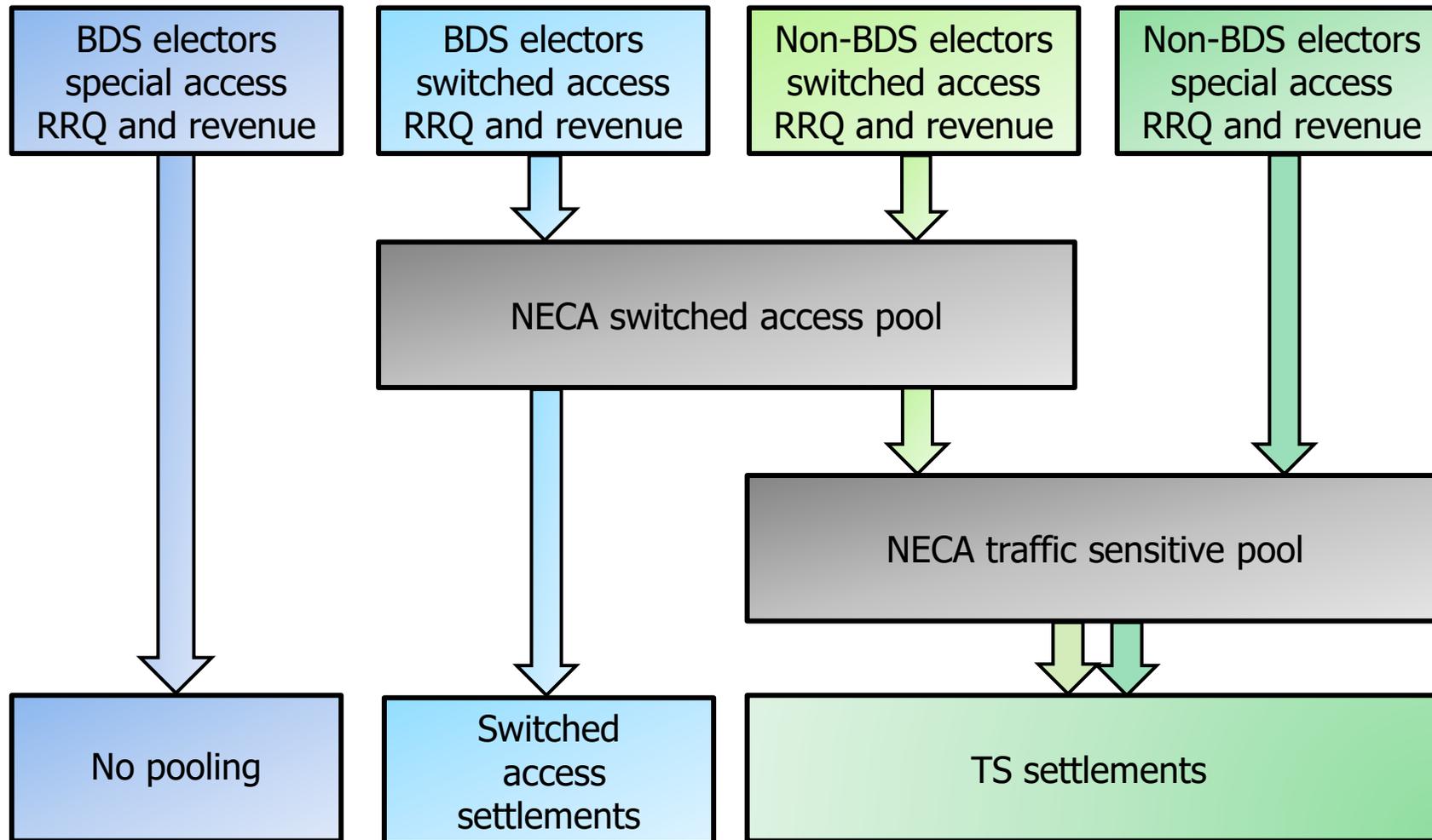
EC	--- CONSUMER BBAND LOOP (CBOL) ---
14	CBOL Revenue (2C1 * CBOL Capped Rate)
15	Reserved
16	CBOL Net Earned Revenue (14)
17	CBOL Expenses & Other Taxes
18	CBOL Average Net Investment
19	CBOL Income from AFUDC
20	CBOL Income Adjustment for FIT
21	CBOL FIT Tax Credit

Inputs

- Sample cost company inputs – CBOL

C) Regulated Tariffed DSL Line Counts (1+2)	EC	1,152
1) Regulated Tariffed Data Only (CBOL) lines	EC	1,152
2) Regulated Tariffed Voice-Data lines		
		<div style="border: 1px solid black; padding: 2px; display: inline-block;">x 42</div>
		↓
14. CBOL Revenue (2C1 * CBOL Capped Rate)	EC	48,384

BDS and pooling



Inputs

- AS1000 and EC1050 – SW inputs

AS

---TRAFFIC SENSITIVE---	
18	Reserved
19	TS Other
20	Reserved
21	SW Revenue
22	ARC Residential Line Rev
23	ARC Single Line Business Rev
24	ARC Multi Line Business Rev
25	Intra Term Acc Recip Comp & State Rev (A+B+C)
	A) Intrastate Term Acc Rev (incl. VoIP)
	B) Reciprocal Compensation Net Revenue
	C) State Pool & Rebalancing Net Rev
26	Total Unlimited Imputed CBOL ARC Rev
27	Total SW Net Rev (19+21+22+23+24+25)
28	SW Intra Term Acc + Recip Comp RRQ

EC

--- TS-SWITCHED ACCESS---	
22	SW Revenue
23	ARC Residential Line Rev
24	ARC Single Line Business Rev
25	ARC Multi Line Business Rev
26	Intra Term Acc Recip Comp & State Rev (A+B+C)
	A) Intrastate Term Acc Revenue (incl. VoIP)
	B) Reciprocal Compensation Net Revenue
	C) State Pool & Rebalancing Net Revenue
27	Total Unlimited Imputed CBOL ARC Rev
28	Total SW Rev (22+23+24+25+26)
29	SW Expenses & Other Taxes
30	SW Intra Term Acc + Recip Comp RRQ
31	SW Average Net Investment
32	SW Income from AFUDC
33	SW Income Adjustment for FIT
34	SW FIT Tax Credit

Inputs

- AS1000 and EC1050 – SW inputs populated by NECA

AS

AS1000

28	SW Intra Term Acc + Recip Comp RRQ
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AS3000

58	Frozen Switched Settlement
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EC

--- TS-SWITCHED ACCESS---	
22	SW Revenue
23	ARC Residential Line Rev
24	ARC Single Line Business Rev
25	ARC Multi Line Business Rev
26	Intra Term Acc Recip Comp & State Rev (A+B+C)
	A) Intrastate Term Acc Revenue (incl. VoIP)
	B) Reciprocal Compensation Net Revenue
	C) State Pool & Rebalancing Net Revenue
27	Total Unlimited Imputed CBOL ARC Rev
28	Total SW Rev (22+23+24+25+26)
29	SW Expenses & Other Taxes
30	SW Intra Term Acc + Recip Comp RRQ
31	SW Average Net Investment
32	SW Income from AFUDC
33	SW Income Adjustment for FIT
34	SW FIT Tax Credit

Inputs

- Sample cost company inputs – SW

---- TS - SWITCHED ACCESS ----

22. SW Revenue	EC	2,225
23. ARC Residential Line Rev	EC	3,044
24. ARC Single Line Business Rev	EC	216
25. ARC Multi Line Business Rev	EC	510
26. Intra Term Acc Recip Comp&State Rev(A+B+C)	EC	430
27. Total Unlimited Imputed CBOL ARC Rev	EC	3,339
28. Total SW Rev (22+23+24+25+26)	EC	6,425

Inputs

■ AS1000 and EC1050 – member company inputs – SP

AS

29	SP Earned Rev (A+B+C+D+E)
	A) Non-DSL Rev (excl. DSL, FRO & RBBB) (1+2)
	1) ETS and OWS Revenue
	2) Other Revenue excl. DSL and ETS
	B) DSL Earned Rev (1+2)
	1) Data Only 2nd Mile Revenue
	2) Voice-Data Revenue
	C) SP Fixed Rate Option (FRO) Rev
	D) SP Rate Band Buy-Down Revenue (1+2)
	1) Non-DSL RBBB Revenue (A+B)
	A) ETS RBBB Revenue
	B) Other RBBB Rev excl. DSL and ETS
	2) DSL RBBB Revenue (A+B)
	A) Reserved
	B) Voice-Data RBBB Revenue
	E) SP Rate Band Buy-Down Adj Amt (1+2)
	1) Non-DSL RBBB Adj. (A+B)
	A) ETS RBBB Adj.
	B) Other RBBB Adj excl. DSL and ETS
	2) DSL RBBB Adj. (A+B)
	A) Reserved
	B) Voice-Data RBBB Adj.
30	SP Net Realized Uncollectibles
31	SP Net Earned Rev (29-30)

EC

35	SP Earned Revenue (A+B+C+D+E)
	A) Non-DSL Rev (excl. DSL, FRO & RBBB) (1+2)
	1) ETS and OWS Revenue
	2) Other Revenue excl. DSL and ETS
	B) DSL Earned Rev (1+2)
	1) Data Only 2nd Mile Revenue
	2) Voice-Data Revenue
	C) SP Fixed Rate Option (FRO) Rev
	D) SP Rate Band Buy-Down Revenue (1+2)
	1) Non-DSL RBBB Revenue (A+B)
	A) ETS RBBB Revenue
	B) Other RBBB Rev excl. DSL and ETS
	2) DSL RBBB Revenue (A+B)
	A) Reserved
	B) Voice-Data RBBB Revenue
	E) SP Rate Band Buy-Down Adj Amt (1+2)
	1) Non-DSL RBBB Adj. (A+B)
	A) ETS RBBB Adj.
	B) Other RBBB Adj excl. DSL and ETS
	2) DSL RBBB Adj. (A+B)
	A) Reserved
	B) Voice-Data RBBB Adj.
36	SP Net Realized Uncollectibles
37	SP Net Earned Revenue (35-36)
38	SP Expenses & Other Taxes
39	SP Average Net Investment
40	SP Income from AFUDC
41	SP Income Adjustment for FIT
42	SP FIT Tax Credit

Inputs

- Sample cost company inputs – SP

35. SP Earned Revenue (A+B+C+D+E)	EC	5,505
A) Non-DSL Rev (excl DSL, FRO & RBBD)(1+2)	EC	5,505
B) DSL Earned Rev (1+2)		
C) SP Fixed Rate Option (FRO) Rev		
D) SP Rate Band Buy-Down Revenue (1+2)		
E) SP Rate Band Buy-Down Adj Amt (1+2)		
36. SP Net Realized Uncollectibles		
37. SP Net Earned Revenue (35-36)	EC	5,505

Inputs

- Pooled support is populated by NECA
 - CAF BLS
 - Projected amount per FCC Form 508
 - Updated with trued-up amount per FCC Form 509
 - All CAF BLS true-up adjustments occur in the extended window

Inputs

- Sample cost company pooled support – CAF BLS

Source: FCC Form 508 for July 2025 – June 2026

29	2025/2026 CAF BLS VOICE** (Line 7 - Line 15 - Line 25 - Line 28)	\$669,929
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$669,929 / 12 = 55,827$ monthly

38	2025/2026 CAF BLS Broadband-Only** (Line 34 - Line 37)	\$1,396,230
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$1,396,230 / 12 = 116,353$ monthly

Source: FCC Form 509 for calendar year 2023

14	2023 CAF BLS VOICE** (Line 7 - Line 11 - Line 12 - Line 13)	\$737,459
----	---	-----------

$737,459 / 12 = 61,455$ monthly

26	2023 CAF BLS BROADBAND-ONLY** (Line 19 - Line 25)	\$637,812
----	---	-----------

$637,812 / 12 = 53,151$ monthly

Note: monthly amounts may be rounded for pooling

Inputs

- Pooled support is populated by NECA
 - CAF ICC
 - Projected amount per the annual tariff filing for effect July each year
 - Updated with trued-up amount per true-up filing included in a subsequent annual filing
 - Standard CAF ICC true-up adjustments are applied to the 24th prior month (open window)
 - Additional CAF ICC true-up adjustments resulting from double recovery are applied to older months (extended window)

Inputs

- Sample cost company pooled support – CAF ICC

Source: CAF ICC data collection for July 2025 – June 2026

CAF ICC TP 25/26 Pre True-Up View section

120	CAF ICC Support	\$289,020.55
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Monthly Weighted Average section

20	Total Test Period 2025-2026 Imputed ARC Revenue	\$44,028.00
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$$(289,020.55 - 44,028) / 12 = 20,416$$

CAF ICC TP 25/26 Post True-Up (Filing) View section

80	Net Impact on Total Eligible Recovery	(\$3,900.42)
----	---------------------------------------	--------------

$$(3,900.42) / 12 = (325) + \text{original projection of } 22,799 = 22,474$$

Inputs

- Pool treatment of CAF BLS and CAF ICC does not change based on each company's FCC Form 498 election
- Companies receiving support directly from USAC will see the pooled amount reversed (debited) on the disbursement statement or invoice

Inputs

- A few input tips and reminders
 - DMAs: Enter adjustments not updated total
 - Pool data should be consistent with data underlying support true-up filings
 - CL pool data should be consistent with filed Form 509 data
 - Check with your MSM team before making any updates
 - Updates to special access are permitted if they don't result in double recovery
 - SW data is locked to further data entry after the April settlement cycle for the period about to be trued up (e.g., July 2023 – June 2024 was frozen after April lock 2025)
 - Check with your MSM before pooling corrections to closed months in open months

Inputs

- Sample cost company input data for the July 2025 settlement cycle

Company inputs		NECA inputs	
CBOL revenue:	\$48,384*	CAF BLS voice projection:	\$ 55,827
Total SW revenue:	\$6,425	CAF BLS CBOL projection:	\$116,353
SP net earned revenue:	\$5,505	CAF BLS voice true-up:	\$ 61,455
		CAF BLS CBOL true-up:	\$ 53,151
		CAF ICC projection:	\$ 20,416
		CAF ICC true-up:	\$ 22,474
* system calculated based on company-reported CBOL count			

Outputs

- The **final** output summarizing all activity occurring the prior month is the monthly disbursement statement or invoice
 - Summary of settlements results on AS3000/EC3050
 - Settlements for current period
 - Includes in window prior period net adjustments (ties to AS2053/EC2053)
 - Pooled universal service funds (ties to AS1205/EC1205)
 - Prior period net adjustments for extended window (ties to AS2053/EC2053)
 - Nonpooled Universal Service Fund support
 - High-Cost Loop ■ Model support (e.g., A-CAM, Alaska Plan)
 - Low Income/Lifeline

Outputs

■ AS3000 and EC3050 reports – summary section

AS

----- NET BALANCE SUMMARY -----

- 1 . End User Net Balance 31 - 18
- 2 . Common Line Net Balance 32 - 17
- 3 . Traffic Sensitive Net Balance (55 - (33 + 34) + 64 - 56)
- 4 . SW Net Balance (65 - 56)
- 5 . End User Prior Period Net ADJ 2053, 50D
- 6 . Common Line Prior Period Net ADJ 2053, 25D
- 7 . Traffic Sensitive Prior Period Net ADJ 2053, 75D
- 8 . SW Prior Period Net Adj 2053, 100D
- 9 . Total Net Balance (1 thru 8)
If Positive, NECA Pays EC If Negative, EC Pays NECA

-----SUPPORT/DEMAND DATA-----

- 10 . Number of Exchanges
- 11 . A.) CAF BLS - Voice Data (USAC)
B.) CAF BLS CBOL (USAC)
C.) Reserved
D.) Reserved
E.) Reserved
F.) Reserved
- 12 . Fixed Rate Factor
- 13 . CAF Inter-carrier Compensation Support (USAC)
- 14 . Reserved
- 15 . Common Line Shifts from Traffic Sensitive
- 16 . Reserved

EC

----- NET BALANCE SUMMARY -----

- 1 . EU Net Balance (32-16)
- 2 . CL Net Balance (33-15)
- 3 . TS Net Balance (53-34+73-54)
- 4 . SW Net Balance (74-54)
- 5 . EU Prior Period Net Adj (EC2053)
- 6 . CL Prior Period Net Adj (EC2053)
- 7 . TS Prior Period Net Adj (EC2053)
- 8 . SW Prior Period Net Adj (EC2053)
- 9 . TOTAL NET BALANCE [1 thru 8]
If positive, NECA pays EC. If negative, EC pays NECA

----- SUPPORT DATA -----

- 10 . CAF Inter-carrier Compensation Support (USAC)
- 11 . CAF BLS VoiceData (USAC)
- 12 . CAF BLS CBOL (USAC)
- 13 . Reserved
- 14 . Reserved

Outputs

■ AS3000 report – CL net balance

----- COMMON LINE -----

- 17 . Other Common Line Net Earned Revenue $((1000,7) + (1000,16))$
- 18 . **End User Net Earned Revenue (1000,10)**
- 19 . Settlement Access Lines $(1000,2) - (0.5 * (1000,4A))$
- 20 . Settlement Data Only Lines
If CBOL Participation=No then: 0, Else: $(1000,2C1) - (0.5 * (1000,4B))$
- 21 . Common Line Formula $(19 * 24)$
- 22 . Common Line Other $(1000,3)$
- 23 . Lines Per Exchange $((1000,2) + (1000,2C1) + (1000,4C)) / 10$
- 24 . Common Line Formula Settlement Per Access Line
If 23 LE 550, then: $60.041485 - (0.027885 * 23)$
If 23 GT 550 and LE 1100, then: $28.762742 + (8768.10 / 23)$
If 23 GT 1100 and LE 1800, then: $47.688317 - (0.009959 * 23)$
If 23 GT 1800, then: $0.8849 * (28.762742 + (8768.10 / 23))$
- 25 . Common Line Basic Settlement $(0.988238 * 0.998297) * 21 + 15 + 22$

CBOL basic settlement

- 29 . Common Line Realized Settlement $(25 + 28B) * 27$
- 30 . Common Line Settlement $(29 + ((1000,12) + (1000,13)))$
- 31 . **End User Settlement 18**
- 32 . Common Line Net Settlement $30 - 31$

----- NET BALANCE SUMMARY -----

- 1 . **End User Net Balance 31 - 18**
- 2 . Common Line Net Balance $32 - 17$

EC CBOL inputs

Outputs

■ EC3050 report – CL net balance

----- COMMON LINE -----

- 15 . Other CL Net Earned Revenue (1050, 5 + 16)
- 16 . EU Net Earned Revenue (1050, 8)
- 17 . NECA Administrative Costs - CL
- 18 . CL Expenses & Other Taxes (1050, 9 + 17)
- 19 . CL Income from AFUDC (1050, 11 + 19)
- 20 . CL Income Adjustment for FIT (21 + 22)
- 21 . CL Income Adjustment for FIT for Taxable (1050, 12 + 20)
- 22 . CL Income Adjustment for FIT for Tax Exempt (27 * 28B)

EC CBOL inputs

AS3000 transfers

- 23 . CL Total Income (15 + 16 + 19 + 11 + 12) + (3000, 17 + 18 + 11A + 11B)
- 24 . CL Total Amount for Tax and Residue
23 - (17 + 18) - 0.716898 * (3000, 28 + 25) - (1000, 12 + 13)
- 25 . CL FIT Credit (1050, 13 + 21)
- 26 . CL Average Net Investment (1050, 10 + 18)
- 27 . CL Average Net Investment by Tax status (1050, 10 + 18) if tax exempt, 0 otherwise
- 28 . CL Residue Ratio
(0.79 * 24 + (0.21 * 21) + 25) / (26 - 0.21 * 27 + 0.79 * 12 * 2.90361 * (3000, 25+28))
- 29 . CL Residue Distribution (26 * 28B)
- 30 . CL FIT Allowance (((29-20-25) * .265822785) - 25)
- 31 . CL Settlement (18 + 29 + 30 - 19)
- 32 . EU Settlement (16)
- 33 . CL Net Settlement (31 - 32)

----- NET BALANCE SUMMARY -----

- 1 . EU Net Balance (32-16)
- 2 . CL Net Balance (33-15)

Outputs

- AS3000 and EC3050 – SW and TS net balances
 - SW net balances are calculated with frozen SW RRQ and EC reported revenue
 - TS net balances are calculated with frozen SW RRQ and SP RRQ resulting from either:
 - Average schedule formulas (AS3000)
 - Forecasted costs trued up to actuals (EC3050)
 - A SW settlement is calculated for all companies in the SW portion of the TS pool
 - For BDS companies, the SW net balance = SW access settlement – SW net revenue
 - For companies in the TS pool, the total SW settlement becomes an **input** to the calculation of the TS settlement and net balance

Outputs

- SW settlement as input to TS calculations explained
 - An essential requirement of NECA's settlement system is every participating company earns the same rate of return for a given data month in a specific pool
 - e.g., all companies pooling SW data with NECA during the month of July 2025 earned the same rate of return on their July 2025 pooled SW investment
 - This requires SW results to be calculated using **all** companies' pooling switched data:
 - BDS companies in SW-only portion of the TS pool
 - Non-BDS companies in the SW and SP portions of the TS pool
 - SW results are calculated prior to the calculation of TS pool results

Outputs

- SW settlement as input to TS calculations explained
 - Company specific inputs to the calculation of the TS net balance
 - Revenue
 - SW settlement calculated in the SW portion of the TS pool
 - SW revenue
 - SP revenue
 - Costs
 - Frozen SW costs
 - SP costs (or formula-based settlements)

Outputs

- Sample cost company – calculation of TS net balance
- SW settlement:

54 . SW Net Earned Revenue (1050, 28) + 55	10,094
55 . Total Imputed CBOL ARC Rev	3,669
71 . Interstate SW Settlement (59+69+70-56)	20,553
72 . Intrastate SW Settlement (60)	9,146
73 . Total SW Settlement (71 + 72)	29,699
74 . SW Net Settlement (73)	29,699

Total SW Rev **\$6,425** (EC1050) +
imputed CBOL ARC rev \$3,669

--- TS - SWITCHED & SPECIAL ACCESS ---

34 . TS Net Earned Revenue	35,204
(73 + (1050, 37 - 44) + (47 - 1.0) * 1050, 35C)	

(SP earned net rev \$5,505 – Other \$0) + SP FRO rev \$0

 **\$29,699 + \$5,505 = \$35,204**

Outputs

■ Sample cost company – calculation of TS net balance

--- TS - SWITCHED & SPECIAL ACCESS ---

34 . TS Net Earned Revenue	35,204	✓
(73 + (1050, 37 - 44) + (47 - 1.0) * 1050, 35C)		
		← SW 19,575 + SP 3,081 + Other 0
36 . TS Expenses & Other Taxes (1050, 29 + 38 + 43)	22,656	
37 . TS Intrastate Revenue Requirement (1050, 30)	9,146	
38 . TS Income from AFUDC (1050, 32 + 40)	23	
49 . TS Residue Distribution (45 * 48B)	897	
50 . TS FIT Allowance (((49-39-44) * .265822785) - 44)	156	
51 . Interstate TS Settlement (36 + 49 + 50 - 38)	23,686	
52 . Intrastate TS Settlement (37)	9,146	
53 . Total TS Settlement (51 + 52)	32,832	
		← Total TS sett – TS net earned rev + SW sett – SW net earned rev
		$32,832 - 35,204 + 29,699 - 10,094 = 17,233$
3 . TS Net Balance (53-34+73-54)	17,233	✓

Outputs

Putting the pieces together

- Net balance = settlement – net revenue
 - EU settlement is always set equal to EU revenue, so EU net balance is always \$0
 - CL net balance includes CBOL costs and revenue for companies tariffing CBOL with NECA
 - SW net balance includes interstate and intrastate costs and revenue
 - This amount will only be displayed on the AS3000 or EC3050 for BDS companies. These companies will not have a TS net balance
 - TS net balance includes the SW settlement calculated separately

Outputs

- Sample cost company – net balance summary

- Current month

- NET BALANCE SUMMARY -----

1 . EU Net Balance (32-16)	0
2 . CL Net Balance (33-15)	157,479
3 . TS Net Balance (53-34+73-54)	17,233
4 . SW Net Balance (74-54)	

- Prior periods

5 . EU Prior Period Net Adj (EC2053)	0
6 . CL Prior Period Net Adj (EC2053)	-15,432
7 . TS Prior Period Net Adj (EC2053)	-430
8 . SW Prior Period Net Adj (EC2053)	0

- Total

9 . TOTAL NET BALANCE [1 thru 8]	158,850
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If positive, NECA pays EC. If negative, EC pays NECA.

Outputs

- Sample cost company PPNA – EC2053 – **CL in window**
 - July 2025 data cycle

-----CARRIER COMMON LINE POOL ADJUSTMENTS-----

	APPLIES TO	OTH CL NET EARNED REVENUES	CL SETTLEMENT	CL NET BALANCE
	(A)	(B)	(C)	(D) = (C - B)
1.	JUN 2025	0	581	581
2.	MAY 2025	0	476	476
3.	APR 2025	0	-38	-38

24.	JUL 2023	0	1	1
25.	TOTAL	0	-15,432	-15,432

Outputs

- Sample cost company PPNA – EC2053 – EU in window
 - July 2025 data cycle

-----END USER POOL ADJUSTMENTS-----

	APPLIES TO	EU NET EARNED REVENUES	EU SETTLEMENT	EU NET BALANCE
	(A)	(B)	(C)	(D) = (C - B)
50.	TOTAL	0	0	0

Outputs

- Sample cost company PPNA – EC2053 – **TS in window**
 - July 2025 data cycle

-----TRAFFIC SENSITIVE POOL ADJUSTMENTS-----

	APPLIES TO	TS NET EARNED REVENUES	TS SETTLEMENT	TS NET BALANCE
	(A)	(B)	(C)	(D) = (C - B)
51.	JUN 2025	-5	77	82
52.	MAY 2025	0	-12	-12
53.	APR 2025	0	-7	-7

74.	JUL 2023	0	-14	-14
75.	TOTAL	-5	-435	-430

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Outputs

- Sample cost company PPNA – EC2053
- EC3050 summary section: review of PPNA

5 . EU Prior Period Net Adj (EC2053)	0
6 . CL Prior Period Net Adj (EC2053)	-15,432
7 . TS Prior Period Net Adj (EC2053)	-430
8 . SW Prior Period Net Adj (EC2053)	0

Outputs

- Sample cost company PPNA – EC2053 – **CL extended window**
 - July 2025 data cycle

-----CARRIER COMMON LINE POOL ADJUSTMENTS-----

	APPLIES TO	OTH CL NET EARNED REVENUES	CL SETTLEMENT	CL NET BALANCE
	(A)	(B)	(C)	(D) = (C - B)
1.	JAN 2023	0	11,148	11,148
2.	TOTAL	0	11,148	11,148

Outputs

- Sample cost company PPNA – EC2053 – **TS extended window**
 - July 2025 data cycle

-----TRAFFIC SENSITIVE POOL ADJUSTMENTS-----

	APPLIES TO	TS NET EARNED REVENUES	TS SETTLEMENT	TS NET BALANCE
	(A)	(B)	(C)	(D) = (C - B)
3.	JAN 2023	0	0	0
4.	TOTAL	0	0	0

Outputs

- Sample cost company PPNA – EC2053 – **total extended window adjustment**
 - The change to total net balance (CL + TS) for the extended window will appear as a single line on the disbursement statement or invoice

CCL Prior Period Net Adj.	11,148
Adjustment Net Balance	<hr/> 11,148

- Prior period net adjustments for in window months displayed in the summary section of the EC3050/AS3000 are included in the total net balance reflected on the disbursement statement

Outputs

- Sample cost company PPNA – EC2053 additional note
 - The PPNA reports (AS2053 and EC2053) can be run in three ways:
 - In window impacts
 - Extended window impacts
 - Both in and extended windows together

Outputs

- Sample cost company pooled support – EC1205
 - July 2025 data month cycle

	CAF BLS Voice Data			CAF BLS CBOL			Data Only Lines	Connect America Fund - ICC			
	A	B	C = B - A	D	E	F = E - D	G	H	I	J = I - H	
	Prior Mo	Curr Mo		Prior Mo	Curr Mo			Prior Mo	Curr Mo		
JUL 2025	N/A	55,827	55,827	N/A	116,353	116,353	1,152	N/A	20,416	20,416	1,343
JUN 2025	51,946	51,946	0	104,743	104,743	0	1,149	22,161	22,161	0	1,354
MAY 2025	51,946	51,946	0	104,743	104,743	0	1,145	22,161	22,161	0	1,354

AUG 2023	44,336	44,336	0	19,650	19,650	0	918	22,799	22,799	0	1,689
JUL 2023	44,336	44,336	0	19,650	19,650	0	891	22,799	22,474	-325	1,718
JAN 2023	60,020	61,455	1,435	17,057	53,151	36,094	746	24,401	24,401	0	1,862

Outputs

- Sample cost company pooled support – EC3050
 - July 2025 data month cycle – original view

----- SUPPORT DATA -----

- 10 . CAF Intercarrier Compensation Support (USAC)
- 11 . CAF BLS VoiceData (USAC)
- 12 . CAF BLS CBOL (USAC)

20,416
55,827
116,353

Outputs

- Viewing pooled support for CAF BLS and CAF ICC true-up months
 - July 2025 data month cycle – latest view of **July 2023**

----- SUPPORT DATA -----

10. CAF Intercarrier Compensation Support (USAC)	22,474
11. CAF BLS VoiceData (USAC)	44,336
12. CAF BLS CBOL (USAC)	19,650

- July 2025 data month cycle – latest view of **January 2023**

----- SUPPORT DATA -----

10. CAF Intercarrier Compensation Support (USAC)	24,401
11. CAF BLS VoiceData (USAC)	61,455
12. CAF BLS CBOL (USAC)	53,151

Monthly statement or invoice

- Two sections: summary and high-cost detail
- **Summary section:**
 - Reflects current total net balance
 - Total prior period adjustments
 - Nonpooled support such as HCL and Lifeline
 - Debits for support received by the company directly from USAC
 - Total amount to be disbursed to the company or owed to the pool
 - If multiple study areas share the same financial code, all the above detail will be listed separately by study area code

Monthly statement or invoice

■ High-cost detail section

- Identification of pooled support amounts included in the total net balance or prior period adjustment
 - By fund
 - By applies-to month
- Identification of nonpooled support (e.g., HCL, A-CAM)
 - By fund
 - By applies-to month
- The above detail is broken out by study area code for companies sharing the same financial code

Monthly statement or invoice

- Run twice monthly: estimated statement and final statement
- **Estimated statement:**
 - Includes the summary and high-cost detail sections
 - Generated the first week of the month after closing out the prior settlement month
 - Available to members on the sixth business day of the new month
 - e.g., the July 2025 data month estimated statement was printed Aug. 5, 2025

Monthly statement or invoice

■ Final statement

- Includes the summary and high-cost details sections
- Reflects any adjustments processed by USAC that month
- Includes Lifeline support if applicable
- Includes assessed late payment fees for overdue invoices
- Generated the last business day of the month
 - e.g., the July data month final statement was generated Aug. 29, 2025
- Coincides with the disbursement to members
- Is **not** generated if the estimated statement was an invoice, and at the end of the month, the financial company remains an invoice

Monthly statement or invoice

- Sample cost company – estimated statement summary section

Estimate

Page 1 of 2



Company Code:

Statement No:

Date:

August 05, 2025

Starting Balance:

July 31, 2025 Balance

193,403.00 CR

Payment from NECA July 31, 2025

193,403.00

Current:

Settlements:

Total Net Balance for Jul 2025 Data Month (EC3050)

158,850.00 CR

*Adjustment Net Balance (AS/EC 2053)

11,148.00 CR

Settlements Net Balance Total:

169,998.00 CR

High Cost Support:

CAF BLS Jul 2025

9,268.00

HCL Jul 2025

24,528.00 CR

High Cost Support Total:

15,260.00 CR

**Due EC:
\$185,258 CR**



Monthly statement or invoice

- Sample cost company – estimated high-cost detail section

High Cost Detail

****CAF BLS:**

Current:

CAF BLS CBOL included in Current Net Balance Jul 2025	116,353.00 CR	
CAF BLS V/D included in Current Net Balance Jul 2025	55,827.00 CR	
CAF BLS Current Period BCM Jul 2025	9,268.00	
CAF BLS CBOL included in Adjustment Net Balance Jan 2023	36,094.00 CR	
CAF BLS V/D included in Adjustment Net Balance Jan 2023	1,435.00 CR	
Total CAF BLS:		200,441.00 CR

****CAF ICC:**

Current:

CAF ICC included in Current Net Balance Jul 2025	20,416.00 CR	
CAF ICC included in Current Net Balance Jul 2023	325.00	
Total CAF ICC:		20,091.00 CR

****HCL:**

Current:

HCL Jul 2025	25,614.00 CR	
HCL Current Period BCM Jul 2025	1,092.00	
2025 HCL Prior Period Adj.	6.00 CR	
Total HCL:		24,528.00 CR

Monthly statement or invoice

- Sample cost company – final statement summary section

Final

Page 1 of 2



Company Code:
Statement No:
Date: **August 29, 2025**

Starting Balance:

July 31, 2025 Balance	193,403.00 CR
Payment from NECA July 31, 2025	193,403.00

Total: 0.00

Current:

Settlements:

Total Net Balance for Jul 2025 Data Month (EC3050)	158,850.00 CR
*Adjustment Net Balance (AS/EC 2053)	11,148.00 CR

Settlements Net Balance Total: 169,998.00 CR

High Cost Support:

CAF BLS Jul 2025	8,988.00
HCL Jul 2025	24,527.00 CR

High Cost Support Total: **15,539.00 CR**

**Due EC:
\$185,537 CR**



Monthly statement or invoice

- Sample cost company – final statement high-cost detail section

High Cost Detail

CAF BLS:

Current:

CAF BLS CBOL included in Current Net Balance Jul 2025	116,353.00 CR
CAF BLS V/D included in Current Net Balance Jul 2025	55,827.00 CR
CAF BLS Current Period BCM Jul 2025	8,988.00
CAF BLS CBOL included in Adjustment Net Balance Jan 2023	36,094.00 CR
CAF BLS V/D included in Adjustment Net Balance Jan 2023	1,435.00 CR

Total CAF BLS: 200,721.00 CR

CAF ICC:

Current:

CAF ICC included in Current Net Balance Jul 2025	20,416.00 CR
CAF ICC included in Current Net Balance Jul 2023	325.00

Total CAF ICC: 20,091.00 CR

HCL:

Current:

HCL Jul 2025	25,614.00 CR
HCL Current Period BCM Jul 2025	1,093.00
2025 HCL Prior Period Adj.	6.00 CR

Total HCL: 24,527.00 CR

Monthly statement or invoice

- Additional statement considerations
 - Accessible via neca.org > [My Applications](#) > [Settlements, Statements and Reports](#)
 - Company employees with a NECA user ID and any of the following contact service roles have access to monthly statements
 - Billing contact
 - Payable contact
 - Invoice contact

Coming next year...

- Streamlined contact management application
 - Single access point from neca.org to manage the following:
 - Your own NECA profile
 - Contact information and service roles for other employees of your company (for employees with authorization to make these changes)
- Watch for additional information via member correspondence

Thank you!



Please fill out the class evaluation on the EXPO app;
your feedback is important to us!

Acronyms

- A-CAM Alternative Connect America Cost Model
- AS Average Schedule
- BDS Business Data Services
- CAF BLS Connect America Fund Broadband Loop Support
- CAF ICC Connect America Fund Intercarrier Compensation
- CBOL Consumer Broadband Only Loop
- CL Common Line
- DMA Data month adjustment
- DME Data month estimate
- EC Exchange Carrier
- EU End User
- FCC Federal Communications Commission
- HCL High-Cost Loop
- MSM Member services manager

Acronyms

- NECA National Exchange Carrier Association
- PPNA Prior period net adjustment
- RRQ Revenue requirement
- SP Special access
- SW Switched access
- TS Traffic Sensitive
- USAC Universal Service Administrative Company