May 3, 2017

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: National Exchange Carrier Association, Inc.
2017 Further Modification of Average Schedules, WC Docket No. 16-400

Dear Ms. Dortch:

Attached is NECA’s 2017 Further Modification of Average Schedules. This filing contains a minor revision to the Common Line formula filed with the Commission on December 22, 2016 (the 2016 Filing) which affects settlement payments for common line and CBOL. Specifically, NECA proposes to change the definition of Lines per Exchange (LPE) from access lines to the aggregate of access lines and data-only lines per exchange in the application of the Common Line formula. The proposed effective date for this formula modification is for the period July 1, 2017 through June 30, 2018. This change is necessary to prevent undue increases in Common Line and CBOL settlements resulting from conversion of voice lines to broadband only.

This 2017 Further Modification of Average Schedules has been filed electronically in the above-referenced docket. For any questions, please contact Tanja Curovic, Senior Director, Average Schedules, at 973-884-8483.

Sincerely,

Attachment:
2017 Further Modification of Average Schedules

cc: Douglas Slotten, WCB
Pamela Arluk, WCB (w/o enclosure)
Best Copy
The National Exchange Carrier Association, Inc. (NECA)\(^1\) herein proposes further modifications to the interstate average schedule formulas proposed to become effective July 1, 2017. Specifically, the new proposal changes how the Common Line (CL) formula Loops Per Exchange (LPE) is defined which affects average schedule companies’ CL and Consumer Broadband Only (CBOL) settlements. In the original proposal filed on December 22, 2016, the LPE component was calculated using access lines. In this filing, NECA revises the LPE calculation to use the sum of access lines and data-only lines in place of access lines. By doing so, the CL settlement per line will not automatically and unduly increase as a company converts its voice lines to broadband only lines.

This change produces lower CL and CBOL settlements for 68 average schedule study areas with data-only lines. On average, the settlement impact for these companies is a decrease of 1.2% compared to their proposed settlements in the original filing. Overall, the change is a 0.36% decrease to average schedule settlements.

The newly proposed CL Basic Formula together with the formula originally proposed is below.

\(^1\) NECA administers interstate access charge tariffs and revenue pools on behalf of member ECs, and the preparation and filing of average schedule formulas, in accordance with the Commission’s Part 69 rules (47 C.F.R. Part 69).
COMMON LINE BASIC FORMULA

Proposed in December 22, 2016 Filing:
Settlement = Settlement Access Lines × Common Line Settlement per Access Line

Common Line Settlement per Access Line
If LPE less than 300 then, $33.652959 – ($0.022518 × LPE)
If LPE between 300 and 750 then, $17.194142 + ($2,911.03 / LPE)
If LPE between 750 and 3,000 then, $23.004936 – ($0.002573 × LPE)
If LPE 3,000 or more then, 0.8416 × {$17.194142 + ($2,911.03 / LPE)}

LPE = Access Lines / Exchanges

Proposed in 2017 Further Modification Filing:
Settlement = Settlement Access Lines × Common Line Settlement per Access Line

Common Line Settlement per Access Line
If LPE less than 300 then, $33.652959 – ($0.022518 × LPE)
If LPE between 300 and 750 then, $17.194142 + ($2,911.03 / LPE)
If LPE between 750 and 3,000 then, $23.004936 – ($0.002573 × LPE)
If LPE 3,000 or more then, 0.8416 × {$17.194142 + ($2,911.03 / LPE)}

LPE = (Access Lines + Data-Only Lines) / Exchanges