Part 69: Access Charges

Part 69 contains rules specifying how the interstate costs identified via the Part 36 jurisdictional separations process are recovered through access charge rate elements and describes how access revenues are distributed. These charges are assessed both on end-users and on interexchange carriers (IXCs) who use ILECs' facilities to originate and terminate long-distance calls. Subpart G of Part 69 describes the establishment of NECA, its Board of Directors, and its functions.

The Part 69 rules identify two types of costs: non-traffic sensitive (NTS) and traffic sensitive (TS).

- NTS costs, including those associated with the common line or local "loop" connecting an end-user's home or business to the ILEC's central office, were initially recovered via a combination of flat-rate charges assessed directly on end users (Subscriber Line Charges or SLCs) and per-minute carrier common line (CCL) charges assessed on IXCs.
- TS costs, such as the costs of central office switching equipment, were generally required to be recovered from IXCs via usage-based charges.

Since the original access charge rules were implemented in the 1980's, the Commission has eliminated recovery of NTS costs from IXCs and has reduced the extent to which NTS costs are recovered via per-minute charges, while increasing flat-rated end user charges.

These reductions have been offset by a variety of explicit universal service funding mechanisms. For example, the May 2000 "CALLS" Order removed $650 million in common line costs from price cap company access charges for recovery via a new portable interstate access universal service support mechanism. The Commission implemented similar reforms for RoR ILECs in its 2001 MAG Order, which increased SLC caps for smaller companies, phased out the CCL charge, and created a new Interstate Common Line Support (ICLS) mechanism to recover shortfalls between RoR common line revenue requirements and amounts recovered via SLCs.

On October 27, 2011, the Commission adopted the Transformation Order, which adopted a uniform national bill-and-keep framework as the ultimate end state for all telecommunications traffic exchanged with LECs. For RoR carriers, terminating switched end office and reciprocal compensation rates are to be reduced to bill-and-keep by July 1, 2020. Revenues lost from ICC reform may be recovered through a combination of customer charges, including a new Access Recovery Charge (ARC), and Connect America Fund (CAF) ICC funding.

The accompanying FNPRM sought comment on the appropriate transition and recovery for the remaining originating and transport rate elements. In 2017, the FCC asked parties to update the record on these issues.

Part 69 Structure

- Subpart B contains rules for the computation of access charges.
- Subpart C covers the computation of charges for price cap carriers.
- Subpart D contains rules for the apportionment of net investment
- Subpart E contains rules for the apportionment of expenses.
- Subpart F covers the segregation of the common line element revenue requirement.
- Subpart G describes the establishment of NECA, its Board of Directors, and its functions.
- Subpart H addresses pricing flexibility for price cap-regulated carriers.
- Subpart I contain rules for business data services.