

Q: Are rate-of-return carriers permitted to assess a Subscriber Line Charge (SLC) or Access Recovery Charge (ARC) on broadband-only lines?

A: No. Rate-of-return carriers are not permitted to assess either a SLC or ARC on broadband-only lines. A line used to provide VoIP service not offered as regulated local exchange service would be considered a broadband-only line. Further, carriers must impute an amount equal to the ARC they assess on voice or voice/broadband lines to their supported broadband-only lines.

Q: For companies electing ACAM model-based support, are cost studies still required for Special Access services?

A: Yes, cost studies are still required to determine the revenue requirement for the Special Access service category.

Q: If a rate-of-return carrier currently has no broadband-only lines and elects ACAM model-based support, must it refile its Special Access tariff to move the relevant costs into the new service category?

A: Yes, carriers are required to move these costs from the Special Access service category to the new Consumer Broadband-Only Loop category. Rate-of-return carriers then have the option of tariffing a consumer broadband-only loop charge for this service.

Q: Do the requirements concerning the reporting of double recovery in the Tariff Review Plan filings apply to all rate-of-return carriers regardless of whether they elect ACAM model-based support or CAF BLS?

A: Yes.

Q: Is the new rate of return going to affect the frozen baseline (also known as Base Period Revenues) for purposes of calculating ICC recovery?

A: The represeted rate of return will not affect any calculation and recovery amounts associated with switched access rates that are currently capped or transitioned under the *USF/ICC Transformation Order*.

Q: Because rate-of-return carriers filing tariffs under 61.38 and 61.39 of the Commission's rules perform cost studies and file tariffs in alternating years, does the rate of return transition now require carriers to file tariffs annually to implement the rate of return transition? If so, must new cost studies be performed each year?

A: Because the authorized rate of return will be reduced by 25 basis points per year, rate-of-return carriers will be required to file tariffs annually until the end of the rate-of-return transition in July 2021. If the carrier would not typically be performing new cost studies in the relevant filing year, it will have an option of either applying the revised rate of return to the cost data from the previous filing year or completing new cost studies.

Q: Will average scheduled companies need to convert to cost if they accept model-based support and are removed from the Common Line pool?

A: No, although companies electing model-based support must exit the Common Line pool, they may maintain their average schedule status for the traffic sensitive pool.

Q. Will the SLC revenues from census blocks deemed competitive (after the conclusion of the challenge process for carriers remaining on legacy mechanisms) be used as a revenue offset to the CAF-BLS revenue requirement for the whole study area?

A. Yes, those revenues will offset the study area common line revenue requirement.

Q. I am rate-of-return carrier. Should I be challenging the competitive coverage in the current CAF-ACAM challenge process if I'm not interested in electing to receive model-based support?

A. No. The decisions that the Wireline Competition Bureau makes in the context of the CAF-ACAM challenge process, which is using June 2015 FCC Form 477 data as the starting point, do not bind the Commission or the Wireline Competition Bureau in any other proceeding that may involve a challenge process, including determining the extent of competitive coverage for CAF-BLS or implementing the 100% overlap rule for rate-of-return carriers. A decision in the CAF-ACAM challenge process that a block is unserved does not necessarily mean that same block will be treated as unserved for purposes of CAF-BLS. The converse is also true: a decision in the CAF-ACAM challenge process that a block is served by an unsubsidized competitor for purposes of determining eligibility for model-based support does not necessarily mean that the same block will be treated as served for purposes of reducing CAF-BLS. The Commission directed the Bureau to commence the competitive coverage challenge process for CAF-BLS using the then-most recent publicly available FCC Form 477 data at that time. Because the Bureau does not expect to commence that challenge process until late 2016, it expects to be using more recent Form 477 data as the starting point.

Q. I am a rate-of-return carrier. Can I update my reported broadband coverage for my incumbent territory in the CAF-ACAM challenge process?

A. No. Only FCC Form 477 broadband coverage of an incumbent rate-of-return carrier that was filed on or before March 30 will be incorporated into the final version of the A-CAM. Evidence that the incumbent's own broadband coverage has changed will not be considered in the challenge process.

Q. I hear the FCC eliminated the five-year plan requirement. So do I have to file a progress report this July?

A. Yes, rate-of-return carriers must still file a progress report with the Form 481 due July 1, 2016. A carrier is required to file a progress report on the five-year service quality improvement plan it filed in 2014, including maps detailing its progress towards in 2015 meeting its plan targets, an explanation of how much universal service support was received in 2015 and how it was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in 2015. The rule does not require a projection of what a carrier expects to do in the coming years; it requires a report on what a carrier did last year. In the *Rate-of-Return Reform Order*, the Commission eliminated the requirement to file progress reports only once we have received Paperwork Reduction Act approval for the geolocation reporting requirement.

